

# 金科智慧服務集團股份有限公司 Jinke Smart Services Group Co., Ltd.

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

**Stock Code : 9666**

## GLOBAL OFFERING



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



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



## IMPORTANT

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

# JINKE 金科服务

美 好 你 的 生 活

## Jinke Smart Services Group Co., Ltd. 金科智慧服務集團股份有限公司

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

### GLOBAL OFFERING

|                                                  |                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of Offer Shares under the Global Offering | : 132,911,400 H Shares (subject to the Over-allotment Option)                                                                                                                                                                                                                    |
| Number of Hong Kong Offer Shares                 | : 11,962,000 H Shares (subject to reallocation)                                                                                                                                                                                                                                  |
| Number of International Offer Shares             | : 120,949,400 H Shares (subject to reallocation and the Over-allotment Option)                                                                                                                                                                                                   |
| Offer Price                                      | : Not more than HK\$47.6 per Offer Share and expected to be not less than HK\$41.8 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund) |
| Nominal value                                    | : RMB1.00 per H Share                                                                                                                                                                                                                                                            |
| Stock code                                       | : 9666                                                                                                                                                                                                                                                                           |

*Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers*



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



*Joint Bookrunners and Joint Lead Managers*



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

The final Offer Price is expected to be fixed by agreement between the JGC Representatives (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or around Tuesday, November 10, 2020 and in any event, not later than Wednesday, November 11, 2020. The Offer Price will be not more than HK\$47.6 per Offer Share and is currently expected to be not less than HK\$41.8. If, for any reason, the final Offer Price is not agreed by Wednesday, November 11, 2020 between the JGC Representatives (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

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

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$47.6 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$47.6.

The JGC Representatives (for themselves and on behalf of the Underwriters), and with our consent, may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK\$41.8 to HK\$47.6) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notices will be available on the website of our Company at [www.jkpsc.cn](http://www.jkpsc.cn) and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Further details are set forth in "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

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

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

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

November 5, 2020

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

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Latest time to complete electronic applications under the

**HK eIPO White Form** service through one of the below ways<sup>(2)</sup>:

- (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](http://www.hkeipo.hk/IPOApp)  
or [www.tricorglobal.com/IPOApp](http://www.tricorglobal.com/IPOApp)

- (2) the designated website [www.hkeipo.hk](http://www.hkeipo.hk) .....11:30 a.m. on  
Tuesday,  
November 10, 2020

Application lists of the Hong Kong Public Offering open<sup>(3)</sup> .....11:45 a.m. on  
Tuesday,  
November 10, 2020

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and giving **electronic**

**application instructions** to HKSCC<sup>(4)</sup> .....12:00 noon on  
Tuesday,  
November 10, 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  
Tuesday,  
November 10, 2020

Latest time to give **electronic application instructions**

to HKSCC<sup>(4)</sup> .....12:00 noon on  
Tuesday,  
November 10, 2020

Application lists of the Hong Kong Public Offering close<sup>(3)</sup> .....12:00 noon on  
Tuesday,  
November 10, 2020

Expected Price Determination Date<sup>(5)</sup> .....Tuesday, November 10, 2020

Announcement of the Offer Price, the levels of indication of

interest in the International Offering, the level of applications in

respect of the Hong Kong Public Offering and basis of allocation

under the Hong Kong Public Offering to be published on

the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk)<sup>(6)</sup> and

the Company’s website at [www.jkpssc.cn](http://www.jkpssc.cn)<sup>(7)</sup>

on or before<sup>(11)</sup> .....Monday,  
November 16, 2020

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

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Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares—11. Publication of Results" from<sup>(11)</sup> .....Monday, November 16, 2020

Results of allocations in the Hong Kong Public Offering to be available from the "IPO Results" function in the **IPO App** or at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) or [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult) with a "search by ID" function on<sup>(11)</sup> .....Monday, November 16, 2020

Dispatch/collection of H Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before<sup>(8)(9)(11)</sup> .....Monday, November 16, 2020

Dispatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful (in the event that the final Offer Price is less than initial price per Hong Kong Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before<sup>(10)(11)</sup> .....Monday, November 16, 2020

Dealings in the H Shares on the Stock Exchange expected to commence on<sup>(11)</sup> .....Tuesday, November 17, 2020

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*Notes:*

- (1) All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, are set out in "Structure and Conditions of the Global Offering".
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the **IPO App** or the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a "black" rainstorm warning, a tropical cyclone warning signal number eight or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 10, 2020, the application lists will not open and close on that day. See "How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists". If the application lists do not open and close on Tuesday, November 10, 2020, the dates mentioned in this section may be affected. We will make a press announcement in such an event.

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

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- (4) Applicants who apply by giving **electronic application instructions** to HKSCC should see “How to Apply for Hong Kong Offer Shares—6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS”.
- (5) The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Tuesday, November 10, 2020 and in any event, no later than Wednesday, November 11, 2020. If, for any reason, the Offer Price is not agreed by Wednesday, November 11, 2020 between the JGC Representatives (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.
- (6) The announcement will be available for viewing on the “Main Board—Allotment of Results” page on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).
- (7) None of the website or any of the information contained on the website form part of this prospectus.
- (8) Applicants who apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by the Application Forms may collect H Share certificates (if applicable) and refund cheques (if applicable) in person may do so from our H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, November 16, 2020 or any other date as notified by us in the newspapers as the date of dispatch of H Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by sending their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar, Tricor Investor Services Limited. Applicants who have applied on **YELLOW** Application Forms may not collect their H Share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected H Share certificates and refund cheques will be dispatched by ordinary post to the addresses specified in the relevant applications at the applicants’ own risk. For more information, see “How to Apply for Hong Kong Offer Shares”.
- (9) H Share certificates for the Hong Kong Offer Shares are expected to be issued on Monday, November 16, 2020 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects, and neither of the Underwriting Agreements has been terminated in accordance with its terms, prior to 8:00 a.m. on the Listing Date, which is expected to be on or around Tuesday, November 17, 2020. Investors who trade the H Shares on the basis of publicly available allocation details before the receipt of H Share certificates
- (10) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. For more information, see “How to Apply for Hong Kong Offer Shares”.
- (11) 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 Thursday, November 5, 2020 to Tuesday, November 17, 2020, then the day of (i) announcement of results of allocations in the Hong Kong Public Offer; (ii) despatch of H Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the H 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. You should read carefully the sections headed “Underwriting”, “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and H Share certificates.**

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### IMPORTANT NOTICE TO INVESTORS

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

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

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## SUMMARY

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

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

### OVERVIEW

We are a leading, comprehensive and “smart” property management service provider in the PRC and ranked first among the Top 100 Property Management Companies in the Southwestern China Region. We were recognized by CIA as a top ten property management company among the Top 100 Property Management Companies in China in terms of overall strengths<sup>(1)</sup> for five consecutive years from 2016 to 2020 and ranked first among the Top 100 Property Management Companies in the Southwestern China Region in terms of overall strengths for six consecutive years from 2015 to 2020.

For nearly 20 years, we have been providing quality property management services to our customers, including a wide variety of residential and non-residential properties, including but not limited to, mid-to high-end residential properties, commercial and office buildings, industrial parks, public and other properties, such as educational institutions and hospitals. We continuously expanded our operations to cover an extensive number of cities across the PRC. As of June 30, 2020, we had built an extensive business portfolio, covering 24 provinces, municipalities and autonomous regions in three major regions, namely, the Southwestern China Region, the Eastern and Southern China Region and the Central China Region, and other regions in the PRC.

We believe that our high customer satisfaction rate and well-recognized brand name have helped us to stay competitive in the property management industry. During the Track Record Period, our contracted GFA and GFA under management experienced rapid growth. Our contracted GFA grew from approximately 139.1 million sq.m. as of December 31, 2017 to approximately 248.6 million sq.m. as of December 31, 2019, representing a CAGR of approximately 33.7%. Our total GFA under management grew from approximately 62.4 million sq.m. as of December 31, 2017 to approximately 120.5 million sq.m. as of December 31, 2019, representing a CAGR of approximately 39.0%. As of June 30, 2020, we had a total of 843 property management projects with a total contracted GFA of approximately 255.5 million sq.m., and we had a total of 487 property management projects with a total GFA under management of approximately 129.7 million sq.m.

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*Note:*

- (1) Each year, CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strength. CIA prepare such ranking by assessing the relevant key factors of each company including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Please see “Industry Overview—Background and Methodologies of CIA” for more details.

Also, we were ranked 11th among the Top 100 Property Management Companies in terms of total GFA under management and 13th among the Top 100 Property Management Companies in terms of total revenue for 2019 in 2020 by CIA.



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## SUMMARY

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Under our development strategy of “Service + Technology, Service + Ecosystem,” we focus on providing quality services through the utilization of smart technologies, including but not limited to, cloud applications, “big data,” video sensory and AI technologies and Internet of Things service platforms, which enable us to better manage our costs while maintaining operational efficiency and enhancing customer experiences in using our services. For examples, we have developed our “Jinke Grande Community APP” and “Blessed Neighborhood” mini APP which allow the registered users to enjoy easy access to a number of our property management services, such as visitor management, setting up repair and maintenance requests and providing feedback on our services and others. We also established comprehensive and intelligent operational systems to facilitate information sharing with various business ends for greater operational efficiency. See “Business—Technology and Data Management” for more details. In addition, we also offer smart living technology solutions under our business model, which mainly include smart design services, smart on-site services and smart integrated operation platform services. See “—Our Business Model” below for more details. We believe that the variety and comprehensiveness of our technologies, systems and services will continue to help us to offer and develop “smart” services and stay technologically advanced among the property management service providers in the PRC market.

We have a long-term and stable relationship with Jinke Property Group, our Controlling Shareholder and a joint stock company with limited liability listed on the Shenzhen Stock Exchange. According to CIA, Jinke Property Group was ranked eighth among the property developers in the PRC in terms of contracted sales GFA in 2019. During the Track Record Period, we managed almost all properties developed by Jinke Property Group.<sup>(1)</sup> As of June 30, 2020, we managed 176 projects developed by Jinke Property Group with an aggregate GFA under management of approximately 60.5 million sq.m., accounting for 46.6% of our total GFA under management. The Listing will constitute a spin-off from Jinke Property Group, which will provide our Group with a better platform for our development in the property management business and to further unlock the share value for our shareholders.

As a result of our quality services, extensive property management project portfolio and efficient operations, we were able to achieve substantial growth in our total revenue and net profit during the Track Record Period. Our revenue grew significantly from RMB1,047.0 million in 2017 to RMB2,327.7 million in 2019, representing a CAGR of approximately 49.1%, and our net profit grew significantly from approximately RMB113.7 million in 2017 to RMB374.4 million in 2019, representing a CAGR of approximately 81.5%. In the six months ended June 30, 2019 and 2020, our revenue amounted to RMB1,005.3 million and RMB1,369.6 million, respectively, and our net profit amounted to approximately RMB165.6 million and RMB302.5 million, respectively. We believe that our competitive strengths will continue to help us to solidify our existing market positions, ensure consistent service quality across different regions and projects under our management and capitalize on economies of scale for future expansion.

### OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from four business lines: (i) property management services, (ii) value-added services to non-property owners, (iii) community value-added services, and (iv) smart living technology solutions.

- *Property management services.* We provide property developers, property owners (including public entities) and residents with a wide range of property management services, comprising cleaning, security, greening, repair and maintenance services, public area maintenance and other property management-related services.

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Note:

- (1) Projects developed by Jinke Property Group refer to properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties in which the Jinke Property Group held a controlling interest.

During the Track Record Period, we successfully bid and obtained 100.0%, 98.6%, 100.0% and 100.0% of the projects developed by Jinke Property Group. Please see “Business—Tender Process” for further details.

## SUMMARY

- *Value-added services to non-property owners.* We offer a wide spectrum of value-added services to non-property owners, mainly including property developers and other property management companies. Our value-added services to non-property owners primarily consist of: (i) sales assistance services, which primarily include visitors reception, on-site cleaning, security, repair and maintenance services to assist property developers in showcasing and marketing their properties at the pre-sale stage of property sales, (ii) pre-delivery services, including cleaning, inspection, repair and maintenance services to non-property owners at the pre-delivery stage and, to a lesser extent, repair and maintenance services after delivery where such services are required by property developers based on inspection of relevant properties, and (iii) consultancy and other services, including consultancy services for property developers and property management companies on project planning and management as well as other value-added services.
- *Community value-added services.* We aim to improve our property owners' and residents' quality of life by providing them with access to a wide range of community value-added services. Our community value-added services primarily consist of: (i) home-living services, which primarily include shopping services, and home cleaning services, (ii) community management services, which primarily include common area maintenance services, such as waste disposal services, as well as public resources management services, such as public spaces leasing, delivery services and advertising services, (iii) home decoration services, which primarily include home decoration services and move-in furnishing services (拎包入住服務), and (iv) comprehensive living and traveling services, which primarily include property agency services and travel agency services.
- *Smart living technology solutions.* Our smart living technology solutions mainly focus on providing smart solutions to property developers, property management and other companies as well as property owners. Our smart living technology solutions primarily include (i) smart design services: we provide smart function solutions in relation to project construction for property developers, and we sell technology products to property owners; (ii) smart on-site service: we provide technology services for property developers during the pre-sale or property sales stages; (iii) smart integrated operation platform services, including the development, customization, installation and maintenance of IBMS (intelligent building management system) operation platforms.

In addition to the smart living technology solutions services above, we have also leveraged and integrated our information technologies into our business operations for better operational efficiency and cost saving.

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

|                                                       | For the year ended December 31, |              |                |             |                  |              |                |             |                  |              |                |             | For the six months ended June 30, |              |                |             |                  |              |                |             |         |   |              |   |
|-------------------------------------------------------|---------------------------------|--------------|----------------|-------------|------------------|--------------|----------------|-------------|------------------|--------------|----------------|-------------|-----------------------------------|--------------|----------------|-------------|------------------|--------------|----------------|-------------|---------|---|--------------|---|
|                                                       | 2017                            |              |                |             | 2018             |              |                |             | 2019             |              |                |             | 2019                              |              |                |             | 2020             |              |                |             |         |   |              |   |
|                                                       | Revenue                         |              | Gross Profit   |             | Revenue          |              | Gross Profit   |             | Revenue          |              | Gross Profit   |             | Revenue                           |              | Gross Profit   |             | Revenue          |              | Gross Profit   |             | Revenue |   | Gross Profit |   |
|                                                       | RMB'000                         | %            | RMB'000        | %           | RMB'000          | %            | RMB'000        | %           | RMB'000          | %            | RMB'000        | %           | RMB'000                           | %            | RMB'000        | %           | RMB'000          | %            | RMB'000        | %           | RMB'000 | % | RMB'000      | % |
|                                                       | (unaudited)                     |              |                |             |                  |              |                |             |                  |              |                |             |                                   |              |                |             |                  |              |                |             |         |   |              |   |
| Property management services . . .                    | 760,899                         | 72.7         | 161,696        | 21.3        | 1,020,300        | 67.0         | 200,590        | 19.7        | 1,465,792        | 62.9         | 318,765        | 21.7        | 665,990                           | 66.2         | 148,388        | 22.3        | 925,381          | 67.6         | 257,656        | 27.8        |         |   |              |   |
| Value-added services to non-property owners . . . . . | 202,931                         | 19.4         | 68,317         | 33.7        | 367,530          | 24.1         | 120,496        | 32.8        | 596,391          | 25.6         | 193,919        | 32.5        | 226,393                           | 22.5         | 75,618         | 33.4        | 292,227          | 21.3         | 116,512        | 39.9        |         |   |              |   |
| Community value-added services . . .                  | 76,811                          | 7.3          | 46,185         | 60.1        | 125,464          | 8.2          | 64,579         | 51.5        | 238,603          | 10.3         | 110,003        | 46.1        | 98,177                            | 9.8          | 46,363         | 47.2        | 125,568          | 9.2          | 45,995         | 36.6        |         |   |              |   |
| Smart living technology solutions . . .               | 6,400                           | 0.6          | 4,348          | 67.9        | 10,592           | 0.7          | 5,168          | 48.8        | 26,871           | 1.2          | 12,991         | 48.3        | 14,747                            | 1.5          | 7,173          | 48.6        | 26,428           | 1.9          | 12,871         | 48.7        |         |   |              |   |
| <b>Total . . . . .</b>                                | <b>1,047,041</b>                | <b>100.0</b> | <b>280,546</b> | <b>26.8</b> | <b>1,523,886</b> | <b>100.0</b> | <b>390,833</b> | <b>25.6</b> | <b>2,327,657</b> | <b>100.0</b> | <b>635,678</b> | <b>27.3</b> | <b>1,005,307</b>                  | <b>100.0</b> | <b>277,542</b> | <b>27.6</b> | <b>1,369,604</b> | <b>100.0</b> | <b>433,034</b> | <b>31.6</b> |         |   |              |   |

During the Track Record Period, we derived all of our revenue from property management service agreements on a lump sum basis. The table below sets forth a breakdown of our total GFA under management and the respective number of projects, contracted but undelivered GFA and our total revenue for the property management service as of the dates indicated by the type of property developer:

|                                                                        | For the year ended December 31, |                      |                                |                    |                      |                                | For the six months ended June 30, |                      |                                |                    |                      |                                |         |           |       |     |         |         |         |       |     |         |             |         |       |
|------------------------------------------------------------------------|---------------------------------|----------------------|--------------------------------|--------------------|----------------------|--------------------------------|-----------------------------------|----------------------|--------------------------------|--------------------|----------------------|--------------------------------|---------|-----------|-------|-----|---------|---------|---------|-------|-----|---------|-------------|---------|-------|
|                                                                        | 2017                            |                      |                                | 2018               |                      |                                | 2019                              |                      |                                | 2019               |                      |                                |         |           |       |     |         |         |         |       |     |         |             |         |       |
|                                                                        | Number of projects              | GFA under management | Contracted but undelivered GFA | Number of projects | GFA under management | Contracted but undelivered GFA | Number of projects                | GFA under management | Contracted but undelivered GFA | Number of projects | GFA under management | Contracted but 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                     |         |           |       |     |         |         |         |       |     |         |             |         |       |
|                                                                        |                                 | RMB'000              | %                              |                    | RMB'000              | %                              |                                   | RMB'000              | %                              |                    | RMB'000              | %                              |         |           |       |     |         |         |         |       |     |         |             |         |       |
| Properties developed by Jinke Property Group (1)                       | 110                             | 41,523               | 7,451                          | 562,646            | 73.9                 | 129                            | 47,262                            | 17,531               | 703,322                        | 69.0               | 165                  | 56,761                         | 30,585  | 923,598   | 63.0  | 144 | 51,953  | 19,931  | 425,185 | 63.8  | 176 | 60,481  | 32,062      | 559,021 | 60.4  |
| Properties developed by Jinke Property's joint ventures and associates | 2                               | 572                  | 2,224                          | 6,880              | 0.9                  | 3                              | 1,577                             | 7,677                | 18,836                         | 1.8                | 14                   | 5,563                          | 9,465   | 30,450    | 2.1   | 7   | 3,400   | 7,050   | 12,385  | 1.9   | 20  | 6,396   | 10,465      | 33,122  | 3.6   |
| Properties developed by Independent Third Parties                      | 101                             | 20,289               | 67,044                         | 191,373            | 25.2                 | 167                            | 40,903                            | 74,820               | 296,142                        | 29.2               | 238                  | 58,208                         | 87,976  | 511,744   | 34.9  | 205 | 47,534  | 73,661  | 228,420 | 34.3  | 291 | 62,867  | 83,234      | 332,228 | 36.0  |
| Total                                                                  | 213                             | 62,384               | 76,719                         | 760,899            | 100.0                | 299                            | 89,742                            | 100,028              | 1,020,300                      | 100.0              | 417                  | 120,532                        | 128,025 | 1,465,792 | 100.0 | 356 | 102,887 | 106,642 | 665,990 | 100.0 | 487 | 129,744 | 125,760 (2) | 925,381 | 100.0 |

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*Notes:*

- (1) Projects developed by Jinke Property Group refer to properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties in which the Jinke Property Group held a controlling interest.
- In 2017, 2018 and 2019, and the six months ended June 30, 2019 and 2020, revenue we generated from Jinke Property Group in relation to management of such properties amounted to RMB63.2 million, RMB56.1 million, RMB61.3 million, RMB12.6 million and RMB53.3 million, respectively. During the same periods, revenue we generated from property owners and residents in relation to management of such properties amounted to RMB499.4 million, RMB647.2 million, RMB862.3 million, RMB412.6 million and RMB505.7 million, respectively.
- (2) To the best estimate of our Directors, as of June 30, 2020, among our contracted but undelivered GFA of 125.8 million sq.m., approximately 20.2% were expected to be delivered by the fourth quarter of 2020, approximately 22.9% were expected to be delivered by 2021, approximately 12.4% were expected to be delivered by 2022 and approximately 44.5% were expected to be delivered by 2023.

## SUMMARY

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

|                                                                                  | For the year ended December 31, |                     |                |                     |                |                     | For the six months ended June 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<br>(unaudited)            | %                   | RMB'000        | %                   |
| Properties developed by Jinke Property Group . . . . .                           | 120,473                         | 21.4                | 150,482        | 21.4                | 202,951        | 22.0                | 97,393                            | 22.9                | 160,880        | 28.8                |
| Properties developed by Jinke Property's joint ventures and associates . . . . . | 1,458                           | 21.2                | 3,978          | 21.1                | 6,547          | 21.5                | 2,723                             | 22.0                | 9,520          | 28.7                |
| Properties developed by Independent Third Parties . . . . .                      | 39,765                          | 20.8                | 46,130         | 15.5                | 109,267        | 21.4                | 48,272                            | 21.1                | 87,256         | 26.2                |
| <b>Total . . . . .</b>                                                           | <b>161,696</b>                  | <b>21.3</b>         | <b>200,590</b> | <b>19.7</b>         | <b>318,765</b> | <b>21.7</b>         | <b>148,388</b>                    | <b>22.3</b>         | <b>257,656</b> | <b>27.8</b>         |

Our gross profit margins from property management services provided to properties developed by Jinke Property Group and properties developed by Jinke Property Group's joint ventures and associates were slightly higher than those of property management services provided to properties developed by Independent Third Parties during the Track Record Period. In general, our average property management fee for residential properties developed by Jinke Property Group and its joint ventures and associates was higher than our average property management fee, as we were able to manage more mid- to higher-end residential properties, and as a result, had more room to charge a higher gross profit margin. In addition, as we are more familiar with the particular needs and requirements of Jinke Property Group or its joint venture and associates, we were able to provide our property management service in a more cost effective manner as compared to services provided to properties developed by Independent Third Parties. The gross profit margin from property management services provided to properties developed by Independent Third Parties in 2018 was relatively low, primarily because (i) some residential properties developed by Independent Third Parties and delivered to us for management in 2018 were of relatively low gross profit margin, as they included public rental and low-rent properties which generally had lower service requirements that in turn resulted lower property management fees, and (ii) a number of the properties developed by Independent Third Parties were delivered to us for management in late 2018, which required substantial costs to set up for property management services first before we were able to enjoy the proportional level of revenue.

### Value-added Services to Non-property Owners

The table below sets forth a breakdown of our total revenue, gross profit and gross profit margin for value-added services to non-property owners by customer type for the periods indicated:

|                                                                       | For the year ended December 31, |       |              |                     |         |       |              |                     |         |       |              |                     | For the six months ended June 30, |       |              |                     |         |       |              |                     |  |  |  |  |
|-----------------------------------------------------------------------|---------------------------------|-------|--------------|---------------------|---------|-------|--------------|---------------------|---------|-------|--------------|---------------------|-----------------------------------|-------|--------------|---------------------|---------|-------|--------------|---------------------|--|--|--|--|
|                                                                       | 2017                            |       |              |                     | 2018    |       |              |                     | 2019    |       |              |                     | 2019                              |       |              |                     | 2020    |       |              |                     |  |  |  |  |
|                                                                       | Revenue                         |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin | Revenue                           |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin |  |  |  |  |
|                                                                       | RMB'000                         | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   | RMB'000                           | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   |  |  |  |  |
|                                                                       | (unaudited)                     |       |              |                     |         |       |              |                     |         |       |              |                     |                                   |       |              |                     |         |       |              |                     |  |  |  |  |
| Value-added services to non-property owners                           |                                 |       |              |                     |         |       |              |                     |         |       |              |                     |                                   |       |              |                     |         |       |              |                     |  |  |  |  |
| - Jinke Property Group                                                | 187,111                         | 92.2  | 63,365       | 33.9                | 275,596 | 74.9  | 91,751       | 33.3                | 431,927 | 72.4  | 144,588      | 33.5                | 140,603                           | 62.1  | 48,150       | 34.2                | 199,620 | 68.3  | 81,705       | 40.9                |  |  |  |  |
| - Jinke Property Group's joint ventures and associates <sup>(1)</sup> | 7,332                           | 3.6   | 2,455        | 33.5                | 36,960  | 10.1  | 11,814       | 32.0                | 71,537  | 12.0  | 22,302       | 31.2                | 27,097                            | 12.0  | 8,890        | 32.8                | 39,682  | 13.6  | 15,485       | 39.0                |  |  |  |  |
| - Independent Third Parties <sup>(2)</sup>                            | 8,488                           | 4.2   | 2,497        | 29.4                | 54,974  | 15.0  | 16,931       | 30.8                | 92,927  | 15.6  | 27,029       | 29.1                | 58,693                            | 25.9  | 18,578       | 31.7                | 52,925  | 18.1  | 19,322       | 36.5                |  |  |  |  |
| Total                                                                 | 202,931                         | 100.0 | 68,317       | 33.7                | 367,530 | 100.0 | 120,496      | 32.8                | 596,391 | 100.0 | 193,919      | 32.5                | 226,393                           | 100.0 | 75,618       | 33.4                | 292,227 | 100.0 | 116,512      | 39.9                |  |  |  |  |

## SUMMARY

### Notes:

- (1) Refer to joint ventures and associates of Jinke Property Group in which Jinke Property Group did not hold a controlling interest.
- (2) Refer to third-party property developers, property owners and/or residents that were independent of Jinke Property Group.

During the Track Record Period, our gross profit margins of value-added services provided to Jinke Property Group and its joint ventures and associates were slightly higher than those of value-added services provided to Independent Third Parties, primarily because we are more familiar with the particular needs and requirements of Jinke Property Group, as well as its joint ventures and associates, for their sale assistance service, pre-delivery services and other value-added services. Given our long-term and stable relationship with Jinke Property Group, see “—Relationship with Jinke Property Group,” such familiarity allowed us to better budget the costs of our value-added services to Jinke Property Group and its joint ventures and associates.

### Community Value-added Services

The table below sets forth a breakdown of our total revenue, gross profit and gross profit margin for community value-added services by customer type for the periods indicated:

|                                                                       | For the year ended December 31, |       |              |                     |         |       |              |                     |         |       |              |                     | For the six months ended June 30, |       |              |                     |         |       |              |                     |  |  |  |  |
|-----------------------------------------------------------------------|---------------------------------|-------|--------------|---------------------|---------|-------|--------------|---------------------|---------|-------|--------------|---------------------|-----------------------------------|-------|--------------|---------------------|---------|-------|--------------|---------------------|--|--|--|--|
|                                                                       | 2017                            |       |              |                     | 2018    |       |              |                     | 2019    |       |              |                     | 2019                              |       |              |                     | 2020    |       |              |                     |  |  |  |  |
|                                                                       | Revenue                         |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin | Revenue                           |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin |  |  |  |  |
|                                                                       | RMB'000                         | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   | RMB'000                           | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   |  |  |  |  |
|                                                                       | (unaudited)                     |       |              |                     |         |       |              |                     |         |       |              |                     |                                   |       |              |                     |         |       |              |                     |  |  |  |  |
| Community value-added services                                        |                                 |       |              |                     |         |       |              |                     |         |       |              |                     |                                   |       |              |                     |         |       |              |                     |  |  |  |  |
| - Jinke Property Group                                                | 853                             | 1.1   | 94           | 11.0                | 3,653   | 2.9   | 427          | 11.7                | 5,901   | 2.5   | 568          | 9.6                 | 3,543                             | 3.6   | 428          | 12.1                | 6,564   | 5.2   | 650          | 9.9                 |  |  |  |  |
| - Jinke Property Group's joint ventures and associates <sup>(1)</sup> | -                               | -     | -            | -                   | 12      | -     | 1            | 11.2                | 196     | 0.1   | 18           | 9.2                 | 51                                | 0.1   | 6            | 11.5                | 1,558   | 1.2   | 152          | 9.8                 |  |  |  |  |
| - Independent Third Parties <sup>(2)</sup>                            | 75,958                          | 98.9  | 46,091       | 60.7                | 121,799 | 97.1  | 64,152       | 52.7                | 232,506 | 97.4  | 109,417      | 47.1                | 94,583                            | 96.3  | 45,930       | 48.6                | 117,446 | 93.6  | 45,193       | 38.5                |  |  |  |  |
| Total                                                                 | 76,811                          | 100.0 | 46,185       | 60.1                | 125,464 | 100.0 | 64,579       | 51.5                | 238,603 | 100.0 | 110,003      | 46.1                | 98,177                            | 100.0 | 46,363       | 47.2                | 125,568 | 100.0 | 45,995       | 36.6                |  |  |  |  |

### Notes:

- (1) Refer to joint ventures and associates of Jinke Property Group in which Jinke Property Group did not hold a controlling interest.
- (2) Refer to third-party property developers, property owners and/or residents that were independent of Jinke Property Group.

During the Track Record Period, the gross profit margins of community value-added services from Independent Third Parties were higher than those of Jinke Property Group and its joint ventures and associates, primarily because (i) the focus of our community value-added services were generally to serve our property owner and residents in our communities and to provide a variety of services such as home-living services, community management services, home decorations services and comprehensive living and traveling services, for which we can derive a relatively high gross profit margin, and (ii) our community value added services provided to Jinke Property Group and its joint ventures and associates were mainly shopping services, which had lower gross profit margin due to its trade nature. We purchase goods and resell the goods at certain markup.

## SUMMARY

### Smart Living Technology Solutions

The table below sets forth a breakdown of our total revenue, gross profit and gross profit margin for smart living technology solutions by customer type for the periods indicated:

|                                                                       | For the year ended December 31, |              |              |             |               |              |              |             |               |              |               |             | For the six months ended June 30, |              |              |             |               |              |               |             |         |   |              |   |
|-----------------------------------------------------------------------|---------------------------------|--------------|--------------|-------------|---------------|--------------|--------------|-------------|---------------|--------------|---------------|-------------|-----------------------------------|--------------|--------------|-------------|---------------|--------------|---------------|-------------|---------|---|--------------|---|
|                                                                       | 2017                            |              |              |             | 2018          |              |              |             | 2019          |              |               |             | 2019                              |              |              |             | 2020          |              |               |             |         |   |              |   |
|                                                                       | Revenue                         |              | Gross Profit |             | Revenue       |              | Gross Profit |             | Revenue       |              | Gross Profit  |             | Revenue                           |              | Gross Profit |             | Revenue       |              | Gross Profit  |             | Revenue |   | Gross Profit |   |
|                                                                       | RMB'000                         | %            | RMB'000      | %           | RMB'000       | %            | RMB'000      | %           | RMB'000       | %            | RMB'000       | %           | RMB'000                           | %            | RMB'000      | %           | RMB'000       | %            | RMB'000       | %           | RMB'000 | % | RMB'000      | % |
| <i>(unaudited)</i>                                                    |                                 |              |              |             |               |              |              |             |               |              |               |             |                                   |              |              |             |               |              |               |             |         |   |              |   |
| Smart living technology solutions                                     |                                 |              |              |             |               |              |              |             |               |              |               |             |                                   |              |              |             |               |              |               |             |         |   |              |   |
| - Jinke Property Group                                                | 6,319                           | 98.7         | 4,300        | 68.0        | 8,583         | 81.1         | 4,238        | 49.4        | 24,199        | 90.0         | 11,785        | 48.7        | 13,199                            | 89.5         | 6,463        | 49.0        | 22,186        | 84.0         | 10,974        | 49.5        |         |   |              |   |
| - Jinke Property Group's joint ventures and associates <sup>(1)</sup> | 45                              | 0.7          | 27           | 60.0        | 533           | 5.0          | 250          | 46.9        | 235           | 0.9          | 110           | 46.8        | -                                 | -            | -            | -           | 2,223         | 8.4          | 1,051         | 47.3        |         |   |              |   |
| - Independent Third Parties <sup>(2)</sup>                            | 36                              | 0.6          | 21           | 58.3        | 1,476         | 13.9         | 680          | 46.1        | 2,437         | 9.1          | 1,096         | 45.0        | 1,548                             | 10.5         | 710          | 45.9        | 2,019         | 7.6          | 846           | 41.9        |         |   |              |   |
| <b>Total</b>                                                          | <b>6,400</b>                    | <b>100.0</b> | <b>4,348</b> | <b>67.9</b> | <b>10,592</b> | <b>100.0</b> | <b>5,168</b> | <b>48.8</b> | <b>26,871</b> | <b>100.0</b> | <b>12,991</b> | <b>48.3</b> | <b>14,747</b>                     | <b>100.0</b> | <b>7,173</b> | <b>48.6</b> | <b>26,428</b> | <b>100.0</b> | <b>12,871</b> | <b>48.7</b> |         |   |              |   |

#### Notes:

- (1) Refer to joint ventures and associates of Jinke Property Group in which Jinke Property Group did not hold a controlling interest.
- (2) Refer to third-party property developers, property owners and/or residents that were independent of Jinke Property Group.

During the Track Record Period, our gross profit margins of Jinke Property Group, Jinke Property Group's joint ventures and associates and Independent Third Parties for smart living technology solutions remained relatively high as compared to that of the other three business lines, primarily due to the fact that the provision of smart living technology solutions is less labor-intensive and the prevailing market prices for such services are generally and relatively high as compared to other property management services.

### Our Property Management Fees

For each of the year or period of the Track Record Period, we were able to retain 100% of the total GFA under our management which had the relevant property owners' association established at the properties either developed by Jinke Property Group and its joint ventures and associates or Independent Third Parties.

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

|                                                                              | For the year ended December 31, |             |             | For the six months ended June 30, |             |
|------------------------------------------------------------------------------|---------------------------------|-------------|-------------|-----------------------------------|-------------|
|                                                                              | 2017                            | 2018        | 2019        | 2019                              | 2020        |
|                                                                              | <i>RMB per sq.m. per month</i>  |             |             |                                   |             |
| Properties developed by Jinke Property Group                                 | 2.40                            | 2.36        | 2.38        | 2.37                              | 2.39        |
| Properties developed by Jinke Property Group's joint ventures and associates | 3.16                            | 2.74        | 2.80        | 2.74                              | 2.82        |
| Properties developed by Independent Third Parties                            | 1.59                            | 1.65        | 1.66        | 1.67                              | 1.66        |
| <b>Overall average property management fee</b>                               | <b>2.20</b>                     | <b>2.14</b> | <b>2.17</b> | <b>2.17</b>                       | <b>2.18</b> |



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## SUMMARY

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Our average property management fees for property management services provided to the residential properties developed by Jinke Property Group and its joint ventures and associates were higher than those of the residential properties developed by Independent Third Parties during the Track Record Period, primarily because of the following:

- (i) the residential properties developed by Jinke Property Group and its joint ventures and associates that were under our management during the Track Record Period generally targeted at high-end and mid- to high-end properties with higher service standard and requirements. Based on our assessment using criteria generally adopted in the PRC market for assessing property types<sup>(1)</sup>, there is a significant larger portion of high-end or mid- to high-end properties that were managed by us among the residential properties developed by Jinke Property Group and its joint ventures or associates, as compared to Independent Third Parties. In addition, we also managed certain public rental and low-rent properties, which generally had lower service standards and requirements, and were all developed by Independent Third Parties. According to CIA, high-end and mid- to high-end residential properties generally have higher service standards and/or requirements as compared to residential properties that are of the lower end, and the average property management fees charged by and for the former type were generally higher given the more demanding service standards and/or requirements;
- (ii) a larger portion of residential properties developed by Jinke Property Group and its joint ventures and associates were located in the first-tier cities and new first-tier cities, as compared to Independent Third Parties. According to CIA, the average property management fee for property management service to residential properties located in the first-tier cities and new first-tier cities in the PRC was generally higher than that in the second-tier cities and third-to-fifth-tier cities; and
- (iii) a larger portion of the residential properties developed by Jinke Property Group and managed by us were more mature given the longer management history with us, and given that a more mature property generally would have fewer vacant units, resulted in higher average property management fees as compared to those properties developed by Independent Third Parties and managed by us. The vacant units, pursuant to the relevant preliminary property management agreement, are generally not charged the same as an unit that has been occupied, as the parties would generally negotiate as to the property management fees charged for vacant units at the property and agree on a discounted property management fee for such units. As such, the residential properties with fewer vacant units generally resulted in a higher average property management fee than those with more vacant units.

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*Note:*

- (1) According to CIA, our criteria for classifying property types of residential properties, including (i) high-end property, which has a plot ratio of less than 1.5; (ii) mid- to high-end property, which has a plot ratio ranging from 1.5 to 2.5; (iii) mid-end property, which has a plot ratio of more than 2.5; and (iv) relatively low-end properties, which mainly included public rental and low-rent properties, is generally in line with the standards commonly adopted for assessing property types for the property management industry in the PRC market.

A large number of the non-residential properties that were under our management during the Track Record Period, such as certain hospitals and educational institutions, were charged on a fixed annual contract amount. The property management fees charged under such agreements did not directly correspond to the actual GFA under our management, as they mainly reflected key factors such as the technical expertise required to service the property and service standards required for the type of property. Accordingly, the average property management fees for non-residential properties calculated as the relevant revenue divided by GFA under management would not accurately reflect the financial aspect of the property management services provided by us to non-residential properties during the Track Record Period and therefore are not presented herein.



# SUMMARY

## Our Geographical Presence

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

|                                                            | As of or for the year ended December 31, |                      |         |                    |                      |           | As of or for the six months ended June 30, |                      |         |                    |                      |             |        |           |         |       |     |         |         |       |
|------------------------------------------------------------|------------------------------------------|----------------------|---------|--------------------|----------------------|-----------|--------------------------------------------|----------------------|---------|--------------------|----------------------|-------------|--------|-----------|---------|-------|-----|---------|---------|-------|
|                                                            | 2017                                     |                      |         | 2018               |                      |           | 2019                                       |                      |         | 2020               |                      |             |        |           |         |       |     |         |         |       |
|                                                            | Number of projects                       | GFA under management | Revenue | Number of projects | GFA under management | Revenue   | Number of projects                         | GFA under management | Revenue | Number of projects | GFA under management | Revenue     |        |           |         |       |     |         |         |       |
|                                                            |                                          |                      |         |                    |                      |           |                                            |                      |         |                    |                      |             |        |           |         |       |     |         |         |       |
|                                                            | Number                                   | sq.m.'000            | RMB'000 | %                  | Number               | sq.m.'000 | RMB'000                                    | %                    | Number  | sq.m.'000          | RMB'000              | %           | Number | sq.m.'000 | RMB'000 | %     |     |         |         |       |
|                                                            |                                          |                      |         |                    |                      |           |                                            |                      |         |                    |                      | (unaudited) |        |           |         |       |     |         |         |       |
| Southwestern China Region <sup>(1)</sup> . . . . .         | 111                                      | 38,916               | 475,936 | 62.5               | 147                  | 48,953    | 627,046                                    | 61.5                 | 192     | 61,699             | 890,018              | 60.8        | 172    | 55,379    | 406,643 | 61.1  | 224 | 69,913  | 549,461 | 59.3  |
| Eastern and Southern China Region <sup>(1)</sup> . . . . . | 72                                       | 12,301               | 193,920 | 25.5               | 89                   | 16,223    | 239,585                                    | 23.5                 | 130     | 24,159             | 326,124              | 22.2        | 104    | 18,899    | 148,508 | 22.3  | 156 | 28,441  | 216,266 | 23.4  |
| Central China Region <sup>(1)</sup> . . . . .              | 23                                       | 9,688                | 60,819  | 8.0                | 46                   | 20,645    | 100,447                                    | 9.8                  | 67      | 28,027             | 173,325              | 11.8        | 59     | 24,037    | 75,877  | 11.4  | 74  | 24,198  | 112,763 | 12.2  |
| Other regions <sup>(1)</sup> . . . . .                     | 7                                        | 1,479                | 30,224  | 4.0                | 17                   | 3,921     | 53,222                                     | 5.2                  | 28      | 6,647              | 76,325               | 5.2         | 21     | 4,572     | 34,962  | 5.2   | 33  | 7,192   | 46,891  | 5.1   |
| Total . . . . .                                            | 213                                      | 62,384               | 760,899 | 100.0              | 299                  | 89,742    | 1,020,300                                  | 100.0                | 417     | 120,532            | 1,465,792            | 100.0       | 356    | 102,887   | 665,990 | 100.0 | 487 | 129,744 | 925,381 | 100.0 |

Note:

(1) Please see “Business—Property Management Services—Our Geographical Presence” for the detailed descriptions of the regions.

## SUMMARY

During the Track Record Period, we have been expanding our business to Independent Third Parties through the organic growth, and to a lesser extent, acquisitions of other property management companies and none of these acquired companies was loss-making at the time of acquisition. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, the revenue generated from such expansion were RMB191.4 million, RMB298.1 million, RMB511.7 million, RMB228.4 million and RMB333.2 million, respectively. The table below sets forth the revenue generated from our property management services to properties developed by Independent Third Parties by acquisition and organic growth during the Track Record Period:

|                               | For the year ended December 31, |              |                |              |                |              | For the six months ended June 30, |              |                |              |
|-------------------------------|---------------------------------|--------------|----------------|--------------|----------------|--------------|-----------------------------------|--------------|----------------|--------------|
|                               | 2017                            |              | 2018           |              | 2019           |              | 2019                              |              | 2020           |              |
|                               | Revenue                         |              | Revenue        |              | Revenue        |              | Revenue                           |              | Revenue        |              |
|                               | RMB'000                         | %            | RMB'000        | %            | RMB'000        | %            | RMB'000<br>(unaudited)            | %            | RMB'000        | %            |
| Acquisition <sup>(1)</sup>    | 9,705                           | 5.1          | 9,216          | 3.1          | 8,019          | 1.6          | 4,012                             | 1.8          | 3,892          | 1.2          |
| Organic Growth <sup>(2)</sup> | 181,668                         | 94.9         | 288,926        | 96.9         | 503,725        | 98.4         | 224,408                           | 98.2         | 329,346        | 98.8         |
| <b>Total</b>                  | <b>191,373</b>                  | <b>100.0</b> | <b>298,142</b> | <b>100.0</b> | <b>511,744</b> | <b>100.0</b> | <b>228,420</b>                    | <b>100.0</b> | <b>333,238</b> | <b>100.0</b> |

*Notes:*

- (1) Refer to the projects that were contracted or under management by the relevant company before our acquisition.
- (2) Refers to the projects from Independent Third Parties that were obtained by us without acquisition, including the projects gained through acquired companies after their acquisition.

### RELATIONSHIP WITH JINKE PROPERTY GROUP

We have a long-term and stable relationship with Jinke Property Group, our Controlling Shareholder and a joint stock company with limited liability listed on the Shenzhen Stock Exchange. Jinke Property Group is principally engaged in property development and sales. According to CIA, Jinke Property Group was ranked eighth among the property developers in the PRC in terms of contracted sales GFA in 2019. The Listing will constitute a spin-off from Jinke Property Group, which will provide our Group with a better platform for our development in the property management business and to further unlock the share value for our shareholders.

During the Track Record Period, a substantial portion of our revenue was generated from property management services provided in relation to properties developed by Jinke Property Group.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue generated from property management services provided in relation to properties developed by Jinke Property Group amounted to RMB562.6 million, RMB703.3 million, RMB923.6 million, RMB425.2 million and RMB559.0 million, respectively, accounting for 53.7%, 46.2%, 39.7%, 42.3% and 40.8%, respectively, of our total revenue for the same periods.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the revenue generated from the provision of property management services to Jinke Property Group as our customer to us amounted to RMB63.2 million, RMB56.1 million, RMB61.3 million, RMB12.6 million and RMB53.3 million, respectively, accounting for 6.0%, 3.7%, 2.6%, 1.3% and 3.9% respectively, of our total revenue for the same periods.

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## SUMMARY

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In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the revenue contribution of value-added services to non-property owners from Jinke Property Group as the customer to us amounted to RMB187.1 million, RMB275.6 million, RMB431.9 million, RMB140.6 million and RMB199.6 million, respectively, accounting for 17.9%, 18.1%, 18.5%, 14.0% and 14.5% respectively, of our total revenue for the same periods.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the revenue contribution of community value-added services from Jinke Property Group as the customer to us amounted to RMB0.9 million, RMB3.7 million, RMB5.9 million, RMB3.5 million and RMB6.6 million, respectively, accounting for 0.1%, 0.2%, 0.3%, 0.4% and 0.6%, of our total revenue for the same periods.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the revenue contribution of smart living technology solutions from Jinke Property Group as the customer to us amounted to RMB6.3 million, RMB8.6 million, RMB24.2 million, RMB13.2 million and RMB22.2 million, respectively, accounting for 0.6%, 0.6%, 1.1%, 1.3% and 1.6%, of our total revenue for the same periods.

Benefiting from our history and long term cooperation relationship with Jinke Property, we have been providing property management and various value-added services to Jinke Property Group since our establishment. We believe our ongoing business relationship with Jinke Property Group is both mutually beneficial and complementary. Going forward, we intend to reduce our reliance on Jinke Property Group through further organic growth by expanding our business operations with and service offerings to third parties and continued development of projects with more third-party customers, as well as acquisitions of selected property management companies that may complement our business model and help us grow our business coverage and market share. See “Business—Business Strategies—Focus on Core Regions, Solidify Our Leading Market Position through Expansion in Geographical Coverage and Business Scale” in this prospectus for more details. However, we expect to continue to provide property management services and value-added services to Jinke Property Group and its associates and our reliance on Jinke Property Group is estimated to continue in the future given the increase in the proposed annual caps for the continuing connected transactions. For the annual caps for our continuing connected transactions with Jinke Property Group for the three years ending December 31, 2022, please see “Connected Transactions”.

According to CIA, high-quality property management services enhance client satisfaction and add value to the market reputation of property developers for their developed properties. Thus, property developers would select and work closely with trustworthy and well-resourced property management companies which are able to provide a comprehensive range of services at higher standard. According to CIA, it is relatively common for property management service providers in the PRC market to have a close business relationship with their respective affiliates and provide property management services to properties developed by their respective controlling shareholders that are property developers. Through years of cooperation, our Group and Jinke Property Group have developed a mutual and in-depth understanding of each other’s business operations and shared a similar service philosophy and geographic coverage. We believe that our ability to maintain a high bidding success rate for properties developed by Jinke Property Group is owed to our long-standing track record to work with Jinke Property Group and our familiarity with their needs, which enables us to reduce communication costs and provide services tailored to Jinke Property Group’s stringent demands and requirements. We believe our close and long-term cooperative relationship with Jinke Property Group is instrumental to its success in establishing a distinguished and well-recognized brand image nationally, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry.

Meanwhile, our ability to maintain high retention rate with properties under our management during the Track Record Period also demonstrated the level of client satisfaction for our high quality services, which indicates Jinke Property Group’s reliance on our support to promote their brand image by continuously delivering quality property management services to property owners and residents of its developed properties. We believe it is commercially beneficial for both Jinke Property Group and our Group to maintain such a stable and strategic business relationship. Our Directors therefore consider that our business relationship with

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## SUMMARY

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Jinke Property Group is unlikely to terminate or materially or adversely change due to its mutual and complementary nature. Going forward, based on our mutual and complementary business relationship, and considering the amount of time and efforts required to secure other service providers who can possibly provide services of comparable standard and scope, we consider we have competitive advantage which distinguishes us from our competitors and we believe will continue to secure future engagements from Jinke Property Group.

In addition, Jinke Zhixin Group Co., Ltd. (金科置信集團有限公司) (“Jinke Zhixin”), an associated company of Jinke Property Group, and its subsidiaries are engaged in development and investment of industrial parks in the PRC, and provision of operational services and property management services to industrial parks it developed. As of the Latest Practicable Date, we provided property management services to industrial parks developed and operated by Jinke Property Group or Independent Third Parties and did not provide any property management services to industrial parks developed by Jinke Zhixin. Please see “Relationship with Our Controlling Shareholder—Delineation of Business—Excluded Businesses—Jinke Zhixin Group Co., Ltd. (金科置信集團有限公司)” for details.

The terms of contracts we entered into with Jinke Property Group, during the Track Record Period and up to the Latest Practicable Date, were comparable to that with Independent Third Parties.

### OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of property developers, property owners and residents. During the Track Record Period, our largest customer was Jinke Property, to whom we provided property management services and value-added services to non-property owners. In 2017, 2018 and 2019 and six months ended June 30, 2020, revenue generated from our services provided to Jinke Property amounted to approximately RMB257.5 million, RMB344.0 million, RMB523.3 million and RMB281.7 million, respectively, accounting for approximately 24.6%, 22.6%, 22.5% and 20.6% of our total revenue, respectively. In 2017, 2018 and 2019 and six months ended June 30, 2020, revenue from our five largest customers amounted to approximately RMB294.0 million, RMB378.4 million, RMB600.5 million and RMB339.4 million, respectively, accounting for approximately 28.1%, 24.8%, 25.8% and 24.8% of our total revenue for the same periods, respectively. Please see “Business—Customers” for more information.

For all four of our business lines, our suppliers are primarily subcontractors located in China which provide cleaning, security, greening and certain repair and maintenance services. In 2017, 2018 and 2019 and the six months ended June 30, 2020, purchases from our five largest suppliers amounted to approximately RMB59.7 million, RMB67.5 million, RMB129.6 million and RMB113.0 million, respectively, accounting for approximately 20.1%, 14.9%, 14.8% and 17.5% of our total purchase for the same periods, respectively. Please see “Business—Suppliers” for more information.

### OUR COMPETITIVE STRENGTHS

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

- a national, top-ranked, comprehensive and “smart” property management service provider with a leading market position in the Southwestern China Region;
- strong business development and market expansion capabilities underpinned by quality service and high customer satisfaction rates;
- sustainable and rapid growth fuelled by strong support from Jinke Property Group;
- quality and efficient operations empowered by advanced and intelligent technology platforms;

## SUMMARY

- professional value-added service system to ensure consistency in quality in our services; and
- well-established incentive scheme to attract and retain experienced management team and talented employees.

### OUR BUSINESS STRATEGIES

We plan to reinforce our leading position in the property management industry by implementing the following business strategies:

- focus on core regions, solidify our leading market position through expansion in geographical coverage and business scale;
- continue to provide diversified value-added services and upgrade community facilities, with a focus on customer satisfaction and to improve customer loyalty;
- further optimize our intelligent system platform and strengthen our core science and technology empowerment capability to further improve our service quality and operational efficiency; and
- further improve our established corporate governance system, enhance management skills and create advanced incentive system to continuously stimulate our business development and revenue-generating capabilities.

### SUMMARY OF KEY FINANCIAL INFORMATION

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

#### Selected Items of Consolidated Statements of Comprehensive Income

|                                                                          | For the year ended December 31, |                |                | For the six months ended June 30, |                |
|--------------------------------------------------------------------------|---------------------------------|----------------|----------------|-----------------------------------|----------------|
|                                                                          | 2017                            | 2018           | 2019           | 2019                              | 2020           |
|                                                                          | RMB'000                         | RMB'000        | RMB'000        | RMB'000<br>(unaudited)            | RMB'000        |
| Revenue . . . . .                                                        | 1,047,041                       | 1,523,886      | 2,327,657      | 1,005,307                         | 1,369,604      |
| Gross profit . . . . .                                                   | 280,546                         | 390,833        | 635,678        | 277,542                           | 433,034        |
| Profit before tax . . . . .                                              | 136,233                         | 197,656        | 450,112        | 198,988                           | 364,440        |
| <b>Profit and total comprehensive income attributable to:</b>            |                                 |                |                |                                   |                |
| — Owners of the Company . . . . .                                        | 113,551                         | 161,776        | 366,452        | 162,434                           | 293,756        |
| — Non-controlling interests . . . . .                                    | 141                             | 2,150          | 7,932          | 3,145                             | 8,739          |
| <b>Profit and total comprehensive income for the year/period . . . .</b> | <b>113,692</b>                  | <b>163,926</b> | <b>374,384</b> | <b>165,579</b>                    | <b>302,495</b> |

During the Track Record Period, our revenue increased primarily due to an increase in the revenue from property management services, which was mainly driven by the increase in the total GFA under management due to our continued and successful business expansion.

## SUMMARY

Our gross profit for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020 was RMB280.5 million, RMB390.8 million, RMB635.7 million, RMB277.5 million and RMB433.0 million, respectively. The overall increase in our gross profit was primarily in line with the aforementioned growth in our revenue.

### Selected Items of Consolidated Statements of Financial Position

|                                     | As of December 31, |           |           | As of     |
|-------------------------------------|--------------------|-----------|-----------|-----------|
|                                     | 2017               | 2018      | 2019      | June 30,  |
|                                     | RMB'000            | RMB'000   | RMB'000   | 2020      |
| Non-current assets . . . . .        | 816,361            | 1,874,993 | 1,191,346 | 46,747    |
| Current assets . . . . .            | 1,673,608          | 2,250,525 | 2,902,547 | 3,766,601 |
| Total assets . . . . .              | 2,489,969          | 4,125,518 | 4,093,893 | 3,813,348 |
| Current liabilities . . . . .       | 1,453,547          | 1,965,611 | 2,440,430 | 2,521,079 |
| Net current assets . . . . .        | 220,061            | 284,914   | 462,117   | 1,245,522 |
| Net assets . . . . .                | 255,047            | 325,927   | 504,995   | 1,289,808 |
| Non-controlling interests . . . . . | 4,622              | 10,477    | 22,295    | 34,877    |
| Total equity . . . . .              | 255,047            | 325,927   | 504,995   | 1,289,808 |

We recorded an increase of non-current assets from RMB816.4 million as of December 31, 2017 to RMB1,875.0 million as of December 31, 2018, and a decrease of non-current assets from RMB1,875.0 million as of December 31, 2018 to RMB1,191.3 million as of December 31, 2019 and further to RMB46.7 million as of June 30, 2020. The fluctuation of our non-current asset was mainly due to the changes in our other receivables. Please see “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Prepayment and Other Receivables” for more details.

Our net current assets increased by RMB783.4 million from RMB462.1 million as of December 31, 2019 to RMB1,245.5 million, primarily due to an increase in our current asset level due to the pre-IPO investment of RMB478.1 million and net profit for the six months ended June 30, 2020 of RMB302.5 million. Our net current assets increased by RMB177.2 million from RMB284.9 million as of December 31, 2018 to RMB462.1 million as of December 31, 2019, primarily attributable to the combined effect of: (i) an increase in our current asset level due to the net profit for the year ended December 31, 2019 of RMB374.4 million and (ii) an increase in our current liabilities level due to the dividend declared of RMB146.7 million in 2019. Our net current assets increased from RMB220.1 million as of December 31, 2017 to RMB284.9 million as of December 31, 2018, mainly attributable to the combined effect of: (i) an increase in our current asset level due to the net profit for the year ended December 31, 2018 of RMB163.9 million and (ii) an increase in our current liabilities level due to the dividend declared of RMB96.8 million in 2018.



## SUMMARY

### Selected Consolidated Statements of Cash Flows

|                                                                              | For the year ended<br>December 31, |                |                | For the six months<br>ended June 30, |                |
|------------------------------------------------------------------------------|------------------------------------|----------------|----------------|--------------------------------------|----------------|
|                                                                              | 2017                               | 2018           | 2019           | 2019                                 | 2020           |
|                                                                              | <i>RMB'000</i>                     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i><br><i>(unaudited)</i> | <i>RMB'000</i> |
| Operating cashflow before<br>changes in working<br>capital . . . . .         | 143,721                            | 217,473        | 437,562        | (193,802)                            | 357,726        |
| Cash generated from/(used in)<br>operations . . . . .                        | 195,107                            | 268,483        | 270,936        | (65,043)                             | 86,899         |
| Income tax paid . . . . .                                                    | (46,936)                           | (10,658)       | (34,135)       | (29,722)                             | (76,229)       |
| Net cash generated from<br>operating/(used in)<br>activities . . . . .       | 148,171                            | 257,825        | 236,801        | (94,765)                             | 10,670         |
| Net cash generated<br>from/(used in) investing<br>activities . . . . .       | 490,419                            | (1,321,933)    | 490,192        | 300,867                              | 424,398        |
| Net cash (used in)/generated<br>from financing activities . .                | (547,884)                          | 997,481        | (810,147)      | (469,218)                            | 75,027         |
| Net increase/(decrease) in<br>cash and cash equivalents . .                  | 90,706                             | (66,627)       | (83,154)       | (263,116)                            | 510,095        |
| Cash and cash equivalents as<br>of the beginning of<br>year/period . . . . . | 392,224                            | 482,930        | 416,303        | 416,303                              | 333,149        |
| Cash and cash equivalents as<br>of the end of year/period . .                | <u>482,930</u>                     | <u>416,303</u> | <u>333,149</u> | <u>153,187</u>                       | <u>843,244</u> |

We recorded net cash outflow from operating activities in the amount of RMB94.8 million for the six months ended June 30, 2019, primarily due to an increase in trade receivables and a decrease in trade payable in the first half of 2019 as we increased our collection with respect to trade receivables in the second half of 2019 due to internal performance evaluation toward the end of the year.

Our net cash used in investing activities for the year ended December 31, 2018 was primarily attributable to advances to related parties of RMB3,123.9 million pursuant to Jinke Property Group's internal cash allocation plan, partially offset by repayments from related parties of RMB1,790.4 million. Our Directors confirm that all related party balances that are non-trade in nature had been fully settled as of August 31, 2020. See "Financial Information—Indebtedness" and "Financial Information—Liquidity and Capital Resources—Cash Flow" for details.



## SUMMARY

### Summary of Key Financial Ratios

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

|                                                     | As of or for the year ended<br>December 31, |       |       | As of or<br>for the<br>six months<br>ended<br>June 30,<br>2020, |
|-----------------------------------------------------|---------------------------------------------|-------|-------|-----------------------------------------------------------------|
|                                                     | 2017                                        | 2018  | 2019  |                                                                 |
| Return on equity <sup>(1)</sup> (%) . . . . .       | 44.6                                        | 50.3  | 74.1  | 23.5                                                            |
| Return on total assets <sup>(2)</sup> (%) . . . . . | 4.6                                         | 4.0   | 9.1   | 7.9                                                             |
| Current ratio <sup>(3)</sup> (times) . . . . .      | 1.2                                         | 1.1   | 1.2   | 1.5                                                             |
| Gearing ratio <sup>(4)</sup> (%) . . . . .          | 423.5                                       | 714.9 | 362.4 | 115.9                                                           |

*Notes:*

- (1) Return on equity is calculated based on profit for the year/period divided by total equity as of the end of that year/period and multiplied by 100%.
- (2) Return on total assets is calculated based on profit for the year/period divided by total assets as of the end of that year/period and multiplied by 100%.
- (3) Current ratio is calculated based on current assets divided by current liabilities as of the same date.
- (4) Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%.

Please see “Financial Information—Key Financial Ratios” for further analysis of key financial ratios in the table above.

### CONTROLLING SHAREHOLDER AND CONTINUING CONNECTED TRANSACTIONS

The Listing constitutes a spin-off from Jinke Property. Immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option), Jinke Property will hold approximately 53.97% of our Company’s total share capital. Jinke Property is a joint stock company listed on the Shenzhen Stock Exchange (stock code 000656.sz) and will be our Controlling Shareholder under the Listing Rules.

Save as disclosed in the section headed “Relationship with Our Controlling Shareholder,” our Controlling Shareholder is not interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, our Controlling Shareholder has entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of its respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business.

We have entered into a number of agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the Listing. Please see “Connected Transactions” for more information.

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## SUMMARY

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### GLOBAL OFFERING STATISTICS

|                                                                                                     | <b>Based on an<br/>Offer Price of<br/>HK\$41.8<br/>per Offer<br/>Share</b> | <b>Based on an<br/>Offer Price of<br/>HK\$47.6<br/>per Offer<br/>Share</b> |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Market capitalization of our Shares <sup>(2)</sup> . . . . .                                        | HK\$26,455.7<br>million                                                    | HK\$30,126.6<br>million                                                    |
| Unaudited pro forma adjusted consolidated<br>net tangible assets per Share <sup>(3)</sup> . . . . . | HK\$10.76                                                                  | HK\$11.95                                                                  |

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- (1) All statistics in the table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 632,911,400 Shares expected to be in issue immediately upon completion of the Global Offering.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per H Share is calculated after making the adjustments referred to in “Appendix II—Unaudited Pro Forma Financial Information.”

### DIVIDEND POLICY

In 2017, 2018, 2019 and the six months ended June 30, 2020, we distributed dividends in the aggregate amount of approximately RMB67.2 million, RMB96.8 million, RMB146.7 million and nil, respectively. As of the Latest Practicable Date, we had not proposed payment of dividend for the year ended December 31, 2019 or for the months up to the Listing in the year ending December 31, 2020, nor formulated any plans as to whether such dividends would be paid to the pre-Listing shareholders. As of the Latest Practicable Date, we did not set any dividend payout ratio after the Listing. The payment and amounts of dividends (if any) depend on our results of our operations, cash flows, financial position, statutory and regulatory restriction on the dividends paid by us, future prospects and other factors which we consider relevant. Holders of our Shares will be entitled to receive dividends pro rata according to the amounts paid up or credited as paid up on the shares. The proposed payment of dividends is also subject to the absolute discretion of the Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The Board will review the dividend policy on an annual basis.

### USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$5,738.1 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK\$44.7 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60.0%, or approximately HK\$3,442.8 million, will be used to pursue strategic acquisition and investment opportunities and further develop strategic partnerships to expand the depth and breadth of our geographic coverage and business scale. As of the date of this prospectus, we have not identified or committed to any acquisition targets for our use of net proceeds from the Global Offering;
- approximately 20.0%, or HK\$1,147.6 million, will be used to further develop our value-added services;
- approximately 10.0%, or approximately HK\$573.8 million, will be used to upgrade our systems for digitization and smart management; and

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## SUMMARY

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- approximately 10.0%, or approximately HK\$573.8 million, will be used for general business operations and working capital.

Please see “Future Plans and Use of Proceeds” for more information.

### RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

On March 11, 2020, the World Health Organization (the “WHO”) declared COVID-19 outbreak a pandemic. As of the Latest Practicable Date, the COVID-19 outbreak had spread to over 210 countries and regions, affected more than 41.6 million individuals and caused more than 1.1 million deaths worldwide, according to WHO’s situation report dated October 23, 2020. In response to the COVID-19 outbreak, the PRC central and local governments have imposed a number of measures across the PRC to curb the spread of COVID-19. Please see “Business—Effects of the COVID-19 Outbreak” for more information.

As of the Latest Practicable Date, we managed 14 projects in Hubei province with a GFA under our management of approximately 4.7 million sq.m. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our exposure in Hubei province in terms of total revenue contribution was approximately 0.4%, 0.9%, 1.0%, 1.4% and 1.2%, respectively, during the Track Record Period. Going forward, we anticipate that the extent of our operations in Hubei province will continue to be limited in terms of our expected revenue and GFA under our management.

Since the outbreak of COVID-19 and up to the Latest Practicable Date, approximately 29 projects that were contracted to us for property management services experienced certain delays in delivery ranging from one to seven months from their originally planned delivery date. As of the Latest Practicable Date, 24 of the abovementioned 29 delayed projects had been delivered to us for property management, totaling approximately 1.8 million sq.m. in total GFA under management. The remaining five delayed projects had a total contracted GFA subject to delayed delivery of approximately 0.2 million sq.m., representing approximately 0.2% of our total contracted but undelivered GFA as of the Latest Practicable Date. As compared to the operating information in terms of property delivery to us for management in the period from January 1, 2019 to approximately October 26, 2019, the primary change from that period to the corresponding period in 2020 is that we experienced unexpected delay in project delivery due to mainly the impacts from the COVID-19 pandemic and other factors beyond our control, as a number of property developers experienced material suspensions and/or delays in their property development work as a result of the restrictions and other regulations or policies that were put into place in early 2020 to prevent the spread of COVID-19. Our Directors consider the financial impact from such delays in project delivery on us to be immaterial, particularly in light of the facts that such delayed projects only represented a small portion of the total contracted but undelivered GFA as of the Latest Practicable Date and the material increase in our revenue due to the continued business expansion despite any negative effects from the COVID-19 outbreak. Please also refer to “Summary—Summary of Key Financial Information” and particularly “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue” for more discussions on the latest financial results and commentaries on the material fluctuations in the six months ended June 30, 2020 as compared to the same period in 2019. Since the outbreak of COVID-19 and up to the Latest Practicable Date, there had not been any material delay in the receipt of the property management fees or other service fee due to us from our customers, including our related parties and Independent Third Parties. Please see “Risk Factors—Risks Relating to Our Business and Industry—Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business” for further discussion on the risks related to delivery schedule due to the impacts from COVID-19.

According to CIA, unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, risks of property management service providers having to suspend operations or terminate the provision of property management and value-added services to customers, experience material interruption to the services provided by sub-contractors and utility service providers and supplies of raw materials, and reduce property management fees as a result of the COVID-19 outbreak are remote. As such, our Directors are of the view that

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## SUMMARY

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the risk of our Group having to suspend our operations is remote. Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak. In the unlikely event that we are forced to reduce or suspend part of our operation, whether due to government policy or any other reasons beyond our control as a result of the COVID-19 outbreak, we estimate our existing financial resources (including cash and bank balances, settlement of trade receivables, and amounts due from related parties to be repaid before the Listing) as of June 30, 2020 could satisfy our necessary costs for over 12 months. We also estimate that, in the unlikely event mentioned above and based on the assumptions below except that there would be 10% of the proceeds from the Global Offering as allocated for general business operations and working capital, our Group will remain financially viable for over 36 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) all of our staff, including operational and administrative staff, are encouraged to take unpaid leave under mutual consent or dismissed upon proper notice in accordance with the employment contract and no significant compensation is incurred; (iii) we may incur additional staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iv) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level; (v) the expansion plan is delayed under such condition; (vi) there will be no further internal or external financing from Shareholders or financial institutions; (vii) no further dividend will be declared and paid under such situation; (viii) the trade receivables will be settled based on historical settlement pattern when they are due; (ix) the trade payables will be settled based on historical settlement patterns once they are due; and (x) that there are no material changes in the near future that would significantly affect the aforementioned key assumptions. The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assessed that the likelihood of such situation is remote. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore, it is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment. Please see "Risk Factors—Risks Relating to Our Business and Industry—Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business" for more information about risks related to COVID-19 outbreak.

Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to our business operation, the services provided by our subcontractors and utilities service providers or the supply of materials from our suppliers. Given the nature of our business operations, our Directors are of the view that the risks of our Group having to suspend or terminate our provision of property management and value-added services to customers, experience material interruption to the services provided by our subcontractors and utility service providers and supplies of raw materials, and reduce our property management fees as a result of the COVID-19 outbreak are remote. Please see "Business—Effects of the COVID-19 outbreak—Our Contingency Plan and response towards the COVID-19 outbreak" for more information about our contingency plan and response. Our Directors are of the view that the additional costs associated with the enhanced measures, considering the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as deduction of three-month payment of social insurance contributions, would have no significant impact on our Group's financial position for the year ending December 31, 2020.

In terms of financial impact, due to the outbreak of COVID-19, we mainly experienced certain increases (i) in gross profit margin for value-added services to non-property owners, (ii) other income due to, in part, certain benefits or relief measures granted by local governments in relation to COVID-19, and a decrease in (i) selling and marketing expenses due to optimization of sales staff structure, (ii) traveling and entertainment expenses as part of our administrative expenses due to a decrease in traveling activities for the first half of 2020 as compared to the same of the first half of 2019, respectively, (iii) extended turnover days for our trade receivables and (iv) our prepayments to wholesale travel agencies being withheld for a prolonged period due to the decreased travel activities in 2020 due to impact from the COVID-19 pandemic. See "Financial Information—Results of Operations—Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019," "Financial

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## SUMMARY

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Information—Description of Certain Consolidated Statements of Financial Position Items—Trade and Bill Receivables” and “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Prepayments and Other Receivables” for more details. Save as the abovementioned financial impact, our Directors confirm that, subsequent to the Track Record Period and up to the Latest Practicable Date, there had been no material financial impact on our financial position and results of operations. After due and careful consideration, save for the aforesaid effects of the COVID-19 outbreaks, our Directors confirmed that, subsequent to the Track Record Period and as of the Latest Practicable Date, there had been no material adverse change in our business operations, the business environment in which we operate, as well as our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

### LISTING EXPENSES

The total amount of Listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be approximately RMB174.8 million (HK\$203.1 million), accounting for approximately 3.4% of the gross proceeds from the Global Offering (based on the mid-point of the indicative Offer Price range, before the exercise of the Over-allotment Option). Of our total listing expenses, RMB164.0 million (HK\$190.5 million) is expected to be accounted for as a deduction from equity upon completion of the Listing. The fees and expenses of RMB10.8 million (HK\$12.6 million) were or are expected to be charged to our profit or loss account subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors expect that our Listing expenses will not have a material adverse impact on our financial performance for year ending December 31, 2020.

### RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering. Some of the risks generally associated with our business and industry include the following:

- we may not be able to maintain our historical growth rate and our results of operations during the Track Record Period may not be indicative of our future prospects and results of operations;
- our future growth may not materialize as planned, and any failure to manage our future growth effectively may have a material adverse effect on our business, financial position and results of operations;
- we cannot assure you that we can secure new or renew our existing property management service contracts with property developers or other entities on favorable terms, or at all;
- our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation; and
- we may experience fluctuations in our labor and subcontracting costs, and the increase in labor and subcontracting costs could harm our business and reduce our profitability.

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

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

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|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Accountant’s Report”                   | the accountant’s report from the Reporting Accountant, the text of which is set out in Appendix I to this prospectus                                                                                                                                                              |
| “Application Form(s)”                   | <b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s), or where the context so requires, any of them in relation to the Hong Kong Public Offering                                                                              |
| “Articles of Association” or “Articles” | the amended and restated articles of association of our Company conditionally adopted on June 10, 2020 which will come into effect upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix V to this prospectus |
| “associate(s)”                          | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                                                                            |
| “Board”                                 | the board of Directors                                                                                                                                                                                                                                                            |
| “business day”                          | any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business                                                                                                                                                             |
| “CCASS”                                 | the Central Clearing and Settlement System established and operated by HKSCC                                                                                                                                                                                                      |
| “CCASS Clearing Participant”            | a person admitted to participate in CCASS as a direct clearing participant or general clearing participant                                                                                                                                                                        |
| “CCASS Custodian Participant”           | a person admitted to participate in CCASS as a custodian participant                                                                                                                                                                                                              |
| “CCASS Investor Participant”            | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation                                                                                                                                               |



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| “CCASS Operational Procedures” | the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force             |
| “CCASS Participant”            | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant                                                                                                                               |
| “China” or “PRC”               | the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, excluding Taiwan, the Macau Special Administrative Region and Hong Kong |
| “Chongqing Ruibo”              | Chongqing Ruibo Asset Management Consulting Co., Ltd.* (重慶睿博資產管理諮詢有限公司), a company established in the PRC with limited liability on June 14, 2013 and a wholly-owned subsidiary of our Company, before the Reorganization |
| “Chongqing Xinqidian”          | Chongqing Xinqidian Decoration Engineering Co., Ltd. (重慶新起點裝飾工程有限公司), a company established in the PRC with limited liability on September 21, 2004 and a wholly-owned subsidiary of our Company                          |
| “CIA”                          | China Index Academy, our industry consultant and an Independent Third Party                                                                                                                                               |
| “CIA Report”                   | an independent market research report prepared by CIA, which was commissioned by our Company for the purpose of this prospectus                                                                                           |
| “CITIC Securities Investment”  | CITIC Securities Investment Co., Ltd.* (中信証券投資有限公司), a company established in the PRC with limited liability on April 1, 2012, one of our pre-IPO investors                                                               |
| “close associate(s)”           | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                    |
| “Companies Ordinance”          | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time                                                                                          |



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| “Companies (Winding Up and Miscellaneous Provisions) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time                                                                                                                                                     |
| “Company Law” or “PRC Company Law”                              | the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented and otherwise modified from time to time                                                                                                                                                                                                                  |
| “Company” or “our Company”                                      | Jinke Smart Services Group Co., Ltd.* (金科智慧服務集團股份有限公司) (formerly known as Jinke Property Services Group Co., Ltd. (金科物業服務集團有限公司)), a limited liability company established in the PRC on July 18, 2000 and converted into a joint stock company with limited liability on May 28, 2020                                        |
| “connected person(s)”                                           | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                                                                                                                        |
| “Controlling Shareholder(s)”                                    | has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Jinke Property                                                                                                                                                                                                   |
| “COVID-19”                                                      | a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2                                                                                                                                                                                                                                     |
| “CSRC”                                                          | China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets                                                                                                                                                                 |
| “Deed of Indemnity”                                             | the deed of indemnity dated October 29, 2020 and executed by our Controlling Shareholder in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in “Statutory and General Information—D. Other information—2. Tax and other indemnities” in Appendix VI to this prospectus |
| “Deed of Non-competition”                                       | the deed of non-competition dated October 29, 2020 and executed by our Controlling Shareholder in favor of our Company, details of which are set out in “Relationship with Our Controlling Shareholder—Deed of Non-competition” in this prospectus                                                                            |
| “Director(s)” or “our Directors”                                | the director(s) of our Company                                                                                                                                                                                                                                                                                                |

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| “Domestic Shares”                         | ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi                                                                                                                               |
| “EIT”                                     | 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》), as amended, supplemented or otherwise modified from time to time                                                                                                                         |
| “Exchange Participant(s)”                 | a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange |
| “Extreme Conditions”                      | extreme conditions caused by a super typhoon as announced by the government of Hong Kong                                                                                                                                                             |
| “Gaoling Zhicheng”                        | Wuhan Gaoling Zhicheng AI Private Equity Fund II, L.P.* (武漢高瓴智成二期人工智能股權投資基金合夥企業(有限合夥)), a limited liability partnership registered in the PRC on September 29, 2018, one of our pre-IPO investors                                                    |
| “Global Offering”                         | the Hong Kong Public Offering and the International Offering                                                                                                                                                                                         |
| “ <b>GREEN</b> Application Form(s)”       | the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider designated by our Company                                                                                                                                  |
| “Group”, “our Group”, “our”, “we” or “us” | our Company and our subsidiaries                                                                                                                                                                                                                     |
| “H Share(s)”                              | overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange                                                             |
| “H Share Registrar”                       | Tricor Investor Services Limited                                                                                                                                                                                                                     |

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| “Hengye Meihao”                       | Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership)* (天津恒業美好管理諮詢合夥企業(有限合夥)) (formerly known as Shihezi Hengye Jintong Equity Investment General Partnership* (石河子市恒業金通股權投資普通合夥企業), a limited liability partnership registered in the PRC on December 12, 2016, a platform for our employee stock ownership plan adopted in 2017 |
| “HK eIPO White Form”                  | the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the <b>IPO App</b> or the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>                                                                                                                                            |
| “HK eIPO White Form Service Provider” | the <b>HK eIPO White Form</b> service provider designated by our Company as specified in the <b>IPO App</b> or on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>                                                                                                                                                              |
| “HKAS”                                | Hong Kong Accounting Standards                                                                                                                                                                                                                                                                                                                            |
| “HKFRS”                               | Hong Kong Financial Reporting Standards                                                                                                                                                                                                                                                                                                                   |
| “HKICPA”                              | Hong Kong Institute of Certified Public Accountants                                                                                                                                                                                                                                                                                                       |
| “HKSCC”                               | Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited                                                                                                                                                                                                                                      |
| “HKSCC Nominees”                      | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC                                                                                                                                                                                                                                                                                                |
| “Hong Kong” or “HK”                   | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                                                    |
| “Hong Kong dollars” or “HK\$”         | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                                                                                                                       |
| “Hong Kong Offer Shares”              | the H Shares being initially offered by our Company for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in “Structure and Conditions of the Global Offering” in this prospectus                                                                                                                              |

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| “Hong Kong Public Offering”        | the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in “Structure and Conditions of the Global Offering” in this prospectus |
| “Hong Kong Underwriters”           | the underwriters of the Hong Kong Public Offering, whose names are set out in “Underwriting—Hong Kong Underwriters” in this prospectus                                                                                                                                                                                                                                                                |
| “Hong Kong Underwriting Agreement” | the underwriting agreement dated November 4, 2020 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholder and the Hong Kong Underwriters, as further described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement” in this prospectus                                   |
| “Huagai Shengyuan”                 | Ningbo Meishan Bonded Port Area Huagai Shengyuan Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區華蓋升元股權投資合夥企業(有限合夥)), a limited liability partnership registered in the PRC on August 18, 2016, one of our pre-IPO investors                                                                                                                                                            |
| “Independent Third Party(ies)”     | an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of our Company or our subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)                                                                                                    |
| “International Offer Shares”       | the H Shares 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, subject to reallocation as described in “Structure and Conditions of the Global Offering” in this prospectus                                 |

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| “International Offering”               | the conditional offering of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in reliance on Regulation S, as further described in “Structure and Conditions of the Global Offering” in this prospectus                                                                                                                         |
| “International Underwriters”           | the underwriters of the International Offering                                                                                                                                                                                                                                                                                                                                                    |
| “International Underwriting Agreement” | the underwriting agreement relating to the International Offering and expected to be entered into, by, among others, our Company, our Controlling Shareholder, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date, as further described in “Underwriting—Underwriting Arrangements and Expenses—International Offering” in this prospectus |
| “IPO App”                              | the mobile application for the <b>HK eIPO White Form</b> service which can be downloaded by searching “ <b>IPO App</b> ” in App Store or Google Play or downloaded at <a href="http://www.hkeipo.hk/IPOApp">www.hkeipo.hk/IPOApp</a> or <a href="http://www.tricorglobal.com/IPOApp">www.tricorglobal.com/IPOApp</a>                                                                              |
| “JGC Representatives”                  | CLSA Limited and Huatai Financial Holdings (Hong Kong) Limited                                                                                                                                                                                                                                                                                                                                    |
| “Jinheng Hongxin”                      | Tianjin Jinheng Hongxin Management Consulting Partnership (Limited Partnership)* (天津金恒鴻鑫管理諮詢合夥企業(有限合夥)), a limited liability partnership registered in the PRC on April 30, 2020, a platform for our employee stock ownership plan adopted in 2020                                                                                                                                                |
| “Jinke Jingchao”                       | Hunan Jinke Jingchao Industrial Operation Management Co., Ltd.* (湖南金科景朝產業運營管理有限公司), a company established in the PRC with limited liability on September 14, 2016 and is owned as to 51% by our Company and 49% by Hunan Jinke Jingchao Industrial Development Co., Ltd.* (湖南金科景朝產業發展有限公司), an associate company of Jinke Property                                                                |

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| “Jinke Property”            | Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC on March 29, 1994, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ) and our Controlling Shareholder                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Jinke Property Group”      | Jinke Property and its subsidiaries, which exclude our Group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “Jinsong Commercial”        | Jinsong Commercial Factoring Co., Ltd.* (金松商業保理有限公司), a company established in the PRC with limited liability on April 4, 2019 and a wholly-owned subsidiary of our Company, before the Reorganization                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Joint Bookrunners”         | CLSA Limited, Huatai Financial Holdings (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), Guotai Junan Securities (Hong Kong) Limited, ICBC International Capital Limited, BOCI Asia Limited, China Merchants Securities (HK) Co., Limited, Essence International Securities (Hong Kong) Limited, Guosen Securities (HK) Capital Company Limited, Haitong International Securities Company Limited and Shenwan Hongyuan Securities (H.K.) Limited |
| “Joint Global Coordinators” | CLSA Limited, Huatai Financial Holdings (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited, Guotai Junan Securities (Hong Kong) Limited and ICBC International Capital Limited                                                                                                                                                                                                                                                                                                                                                                                                   |

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| “Joint Lead Managers”     | CLSA Limited, Huatai Financial Holdings (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), Guotai Junan Securities (Hong Kong) Limited, ICBC International Securities Limited, BOCI Asia Limited, China Merchants Securities (HK) Co., Limited, Essence International Securities (Hong Kong) Limited, Guosen Securities (HK) Capital Company Limited, Haitong International Securities Company Limited and Shenwan Hongyuan Securities (H.K.) Limited |
| “Joint Sponsors”          | CLSA Capital Markets Limited and Huatai Financial Holdings (Hong Kong) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Latest Practicable Date” | October 26, 2020, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Listing”                 | the listing of our H Shares on the Main Board                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Listing Committee”       | the listing committee of the Stock Exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Listing Date”            | the date on which dealings in the H Shares on the Main Board first commence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Listing Rules”           | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Main Board”              | the 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “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)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



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## DEFINITIONS

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| “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)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “NPC”                                  | the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Offer Price”                          | the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) at which the Offer Shares are to be subscribed pursuant to the Global Offering                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Offer Share(s)”                       | the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Over-allotment Option”                | the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the JGC Representatives (for themselves and on behalf of the International Underwriters), pursuant to which our Company may be required to issue and allot up to an aggregate of 19,936,700 additional H Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, as described in “Structure and Conditions of the Global Offering” in this prospectus |
| “Panxin Shanghai”                      | Panxin (Shanghai) Investment Center (Limited Partnership)* (磐信(上海)投資中心(有限合夥)), a limited liability partnership registered in the PRC on March 24, 2016, one of our pre-IPO investors                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “PBOC”                                 | the People’s Bank of China (中國人民銀行), the central bank of the PRC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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## DEFINITIONS

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| “PRC Company Law”          | the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time                                                                                                                                                                                             |
| “PRC GAAP”                 | generally accepted accounting principles in the PRC                                                                                                                                                                                                                                          |
| “PRC Government”           | the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them                                                          |
| “PRC Legal Advisors”       | Guantao Law Firm, the legal advisors to our Company as to PRC law in connection with the Global Offering                                                                                                                                                                                     |
| “Price Determination Date” | the date, expected to be on or around November 10, 2020 but in any event not later than November 11, 2020, on which the Offer Price will be determined by our Company and the JGC Representatives (for themselves and on behalf of the Underwriters) for the purposes of the Global Offering |
| “prospectus”               | this prospectus being issued in connection with the Hong Kong Public Offering                                                                                                                                                                                                                |
| “Province” or “province”   | each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government                                                                                                                                |
| “Regulation S”             | Regulation S under the U.S. Securities Act                                                                                                                                                                                                                                                   |
| “Remuneration Committee”   | the remuneration committee of the Board                                                                                                                                                                                                                                                      |
| “Renminbi” or “RMB”        | the lawful currency of the PRC                                                                                                                                                                                                                                                               |
| “Reorganization”           | the reorganization of the Group in preparation of the Listing, details of which are set out in “History, Reorganization and Corporate Structure—Reorganization” in this prospectus                                                                                                           |
| “Reporting Accountant”     | PricewaterhouseCoopers, the reporting accountant of our Company                                                                                                                                                                                                                              |

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## DEFINITIONS

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| “Riverhead Capital”                          | Riverhead Capital Investment Management Co., Ltd. (陽光融匯資本投資管理有限公司), a private investment fund manager established in the PRC on January 26, 2015                                                                              |
| “Ronghui Ruiguang”                           | Beijing Ronghui Ruiguang Investment Management Center (Limited Partnership)* (北京融匯瑞光投資管理中心(有限合夥)), a limited liability partnership registered in the PRC on January 4, 2016, one of our pre-IPO investors                     |
| “SAFE”                                       | the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)                                                                                                                                                      |
| “SAIC”                                       | the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), which was consolidated into the SAMR in March 2018, including, as the context may require, its local counterparts                               |
| “SAMR”                                       | the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局)                                                                                                                                                      |
| “SAT”                                        | the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)                                                                                                                                                               |
| “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                                                                                 |
| “Shanxi Jinxue”                              | Shanxi Jinxue Commercial Services Co., Ltd.* (山西金學商務服務有限公司), a company established in the PRC with limited liability on October 30, 2019 and an indirectly wholly-owned subsidiary of Jinke Property after the Reorganization |
| “Share(s)”                                   | shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares                                                                                             |
| “Shareholder(s)”                             | holder(s) of the Share(s)                                                                                                                                                                                                     |

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## DEFINITIONS

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| “Special Regulations”        | Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994                |
| “Spin-off Circular”          | the Circular on Issues Relevant to Regulating Offshore Listing of Securities of Domestic Listed Companies (《關於規範境內上市公司所屬企業到境外上市有關問題的通知》) promulgated by the CSRC on July 21, 2004                                       |
| “Stabilizing Manager”        | CLSA Limited                                                                                                                                                                                                            |
| “State Council”              | the State Council of the PRC (中華人民共和國國務院)                                                                                                                                                                               |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                 |
| “subsidiary(ies)”            | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                  |
| “substantial shareholder(s)” | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                  |
| “Sunshine Ruihai”            | Beijing Ronghui Yangguang Ruihai Investment Co., Ltd. (北京融匯陽光瑞海投資有限公司), an investment company established in the PRC on April 13, 2016                                                                                  |
| “Supervisor(s)”              | supervisor(s) of our Company                                                                                                                                                                                            |
| “Takeovers Code”             | the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time                                                                                         |
| “Tianjin Zhuoyue”            | Tianjin Zhuoyue Gongying Jinke Management Consulting Partnership (Limited Partnership)* (天津卓越共贏金科管理諮詢合夥企業(有限合夥)), a limited liability partnership registered in the PRC on April 27, 2020, one of our pre-IPO investors |
| “Tianzhi Huiqi”              | Chongqing Tianzhi Huiqi Technology Co., Ltd.* (重慶天智慧啟科技有限公司), a company established in the PRC with limited liability on October 23, 2016 and a wholly-owned subsidiary of our Company                                  |

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## DEFINITIONS

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|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Track Record Period”               | the period comprising the years ended December 31, 2017, 2018 and 2019, and the six months ended June 30, 2020                                                                                                                       |
| “U.S. Government”                   | the federal government of the United States, including its executive, legislative and judicial branches                                                                                                                              |
| “U.S. Securities Act”               | the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder                                                                                                                           |
| “Underwriters”                      | the Hong Kong Underwriters and the International Underwriters                                                                                                                                                                        |
| “Underwriting Agreements”           | the Hong Kong Underwriting Agreement and the International Underwriting Agreement                                                                                                                                                    |
| “United States”, “USA” or “U.S.”    | the United States of America, its territories, its possessions and all areas subject to its jurisdiction                                                                                                                             |
| “US\$”, “USD” or “\$”               | U.S. dollars, the lawful currency of the United States                                                                                                                                                                               |
| “we,” “us” or “our”                 | our Company and, unless the context indicates otherwise, its subsidiaries                                                                                                                                                            |
| “VAT”                               | the PRC value-added tax                                                                                                                                                                                                              |
| “ <b>WHITE</b> Application Form(s)” | the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s own name(s)                                                                  |
| “Yangguang Xinxing”                 | Beijing Ronghui Yangguang Xinxing Industries Investment Management Center (Limited Partnership)* (北京融匯陽光新興產業投資管理中心(有限合夥)), a limited liability partnership registered in the PRC on September 18, 2015, one of our pre-IPO investors |
| “Yangguang Yongsheng”               | Beijing Ronghui Yangguang Yongsheng Investment Management Center (Limited Partnership)* (北京融匯陽光永晟投資管理中心(有限合夥)), a limited liability partnership registered in the PRC on March 10, 2016, one of our pre-IPO investors                |

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## DEFINITIONS

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“**YELLOW** Application Form(s)” the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Shares to be deposited directly into CCASS

“%” percent

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

*In this prospectus, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*For ease of reference, the names of the PRC established companies or entities, laws or regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. The English translation of company names in Chinese which are marked with “\*” are for identification purposes only.*

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## GLOSSARY

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

|                                      |                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “average property management fee(s)” | weighted average property management fee charged calculated on the basis of GFA of each property which we are engaged to provide property management service                                                                                                                                                            |
| “CAGR”                               | compound annual growth rate                                                                                                                                                                                                                                                                                             |
| “capacity building area”             | capacity building area of a project or a project phase is the total site area of such project or project phase multiplies by the capacity building area percentage (容積率), which is typically calculated by relevant governmental departments for each land parcel                                                       |
| “Central China Region”               | an economic region in China encompassing Henan province, Hubei province and Hunan province, for the purpose of this prospectus                                                                                                                                                                                          |
| “commercial property(ies)”           | for purposes of this prospectus, property(ies) designated for commercial use                                                                                                                                                                                                                                            |
| “commission basis”                   | a revenue-generating model whereby we retain a percentage of the total amount or the amount of fees received as our service fees, the rest of which shall be exclusively used on the items as stipulated in the property management service agreement, and property owners shall enjoy or assume the surplus or deficit |
| “communal/common area(s)”            | shared areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among others                                                                                                                                                                                             |
| “contracted GFA”                     | GFA to be managed by us under contracts entered into between property developers or other relevant entities with us, including both delivered and undelivered GFA                                                                                                                                                       |
| “Eastern and Southern China Region”  | an economic region in China encompassing Jiangsu province, Zhejiang province, Fujian province, Jiangxi province, Shandong province, Anhui province, Guangdong province, Hainan province, Guangxi Zhuang Autonomous Region and Shanghai municipality, for the purpose of this prospectus                                 |



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## GLOSSARY

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|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “first-tier cities,” “new first-tier cities”                                   | cities specified by Rising Lab of Yicai (第一財經新一線城市研究所) as such; first-tier cities include Beijing, Shenzhen, Shanghai and Guangzhou; new first-tier cities include Chengdu, Chongqing, Hangzhou, Wuhan, Xi’an, Tianjin, Suzhou, Nanjing, Zhengzhou, Changsha, Dongguan, Shenyang, Qingdao, Hefei and Foshan                                                                                                                                                                                                                           |
| “GDP”                                                                          | gross domestic product                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “GFA”                                                                          | gross floor area                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “GFA under management”                                                         | contracted GFA of properties that have been delivered, or are ready to be delivered, for which we have started to provide property management services and are entitled to collect the relevant property management fees as at the relevant date                                                                                                                                                                                                                                                                                      |
| “lump sum basis”                                                               | a revenue-generating model for our property management business line whereby we charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the “all-inclusive” fees for all of the property management services provided by our employees and subcontractors. Property developers, public entities, property owners and residents will be responsible for paying our property management fees for the sold and unsold units respectively on a monthly basis |
| “PBOC Benchmark Rate”                                                          | the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day’s PRC inter-bank foreign exchange rates and with reference to prevailing exchange rates on the world financial markets                                                                                                                                                                                                                                                                                                            |
| “properties developed by Independent Third Parties”                            | properties solely developed by third-party property developers independent from Jinke Property Group                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “properties developed by Jinke Property Group”                                 | properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties in which Jinke Property Group held a controlling interest                                                                                                                                                                                                                                                                                                                                                                            |
| “properties developed by Jinke Property Group’s joint ventures and associates” | properties developed by Jinke Property Group’s joint ventures or associates, in which Jinke Property Group did not hold a controlling interest                                                                                                                                                                                                                                                                                                                                                                                        |

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## GLOSSARY

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|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “property management service agreement(s)”            | agreements entered into between property developers or property owners and us in respect of our property management services for contracted GFA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “residential communities” or “residential properties” | properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “retention rate”                                      | the aggregate number of our property management service agreements that were effective (which correspond to the total number of our contracted projects) as of the end of the period divided by the aggregate number of our property management service agreements that existed (which correspond to the total number of contracted projects plus the number of projects we ceased to manage) during the same period                                                                                                                                                                                                                                                                    |
| “SaaS”                                                | Service as a Software, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Southwestern China Region”                           | an economic region in China encompassing Sichuan province, Guizhou province, Yunnan province, Tibet Autonomous Region and Chongqing municipality, for the purpose of this prospectus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “sq.m.”                                               | square meter(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Top 100 Property Management Companies”               | an annual ranking of China-based property management companies by overall strengths published by CIA solely or jointly with other institution(s) based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility of such companies in the preceding year, which comprised 100, 100, 210, 200, 200, 220 and 244 companies for rankings published in 2014, 2015, 2016, 2017, 2018, 2019 and 2020, respectively. The number of companies recognized for each of 2016, 2017, 2018, 2019 and 2020 exceeded 100 as multiple companies with the same or very close scores were assigned the same ranking |

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## FORWARD-LOOKING STATEMENTS

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

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

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

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## FORWARD-LOOKING STATEMENTS

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- capital market developments;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;
- certain statements in sections headed “Business” and “Financial Information” in this prospectus with respect to trends in prices, volumes, operations and margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical facts.

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

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

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

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## RISK FACTORS

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

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

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

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

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

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

We have been seeking to expand our existing business through scaling and organic growth as well as acquisitions of other property management companies to expand our project portfolio and obtain larger market shares. As of December 31, 2017, 2018 and 2019 and June 30, 2020, the projects we were contracted to manage had an aggregate GFA of approximately

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## RISK FACTORS

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139.1 million sq.m., 189.8 million sq.m., 248.6 million sq.m. and 255.5 million sq.m., respectively, covering 24 provinces, municipalities and autonomous regions across three major regions as well as other regions in the PRC. The three major regions include the Southwestern China Region, the Eastern and Southern China Region and the Central China Region. Please see “Business—Property Management Services” for more information. However, we base our expansion plans on our assessment of market prospects, thus we cannot assure you that our assessment will prove to be correct or that our business will grow as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include but are not limited to:

- changes in China’s economic conditions in general and the real estate market and property management industry in particular;
- changes in disposable personal income in the PRC;
- changes in government policies and regulations;
- changes in the supply of and demand for property management services, value-added services to non-property owners, community value-added services and smart living technology solutions;
- natural disasters and epidemic, including the COVID-19;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;
- our ability to select and work with suitable and reliable sub-contractors and suppliers;
- our ability to understand the needs of property owners and residents in the properties where we provide property management services, value-added services to non-property owners, community value-added services and smart living technology solutions;
- our ability to adapt to new markets where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory, cultural and tax environments in such markets;
- our ability to leverage our brand name and to compete successfully in new markets, particularly against the incumbent players in such markets who might have more resources and experience than us; and
- our ability to improve our administrative, technical, operational and financial infrastructure.

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

**We cannot assure you that we can secure new or renew our existing property management service contracts with property developers, including Jinke Property Group and its joint ventures and associates, on favorable terms, or at all.**

We believe that our ability to expand our portfolio of property management service agreements is key to the sustainable growth of our business. During the Track Record Period, we generally obtained new property management service agreements by participating in tenders. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our retention rate was approximately 94.6%, 96.0%, 97.0% and 98.9%, respectively. The selection of a property management company depends on a number of factors, including but not limited to, service quality, pricing level and operational history of the property management company. We cannot assure you that we will be able to procure new property management service agreements on favorable terms, or at all. Our efforts may be hindered by factors beyond our control, which may include, among others, changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within the property management industry.

During the Track Record Period, we entered into preliminary management service agreements with property developers during later stages of property development. During the Track Record Period, a substantial portion of our revenue was derived from property management service provided to properties developed by Jinke Property Group and value-added services we provided to Jinke Property Group. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from our property management services provided in relation to properties developed by Jinke Property Group accounted for approximately 53.7%, 46.2%, 39.7%, 42.3% and 40.8%, respectively, of our total revenue for the same periods. The total GFA under management from the properties developed by Jinke Property Group accounted for approximately 66.6%, 52.7%, 47.1% and 46.6% of our total GFA under management as of December 31, 2017, 2018 and 2019 and June 30, 2020 respectively. In 2017, 2018 and 2019 and the six months ended June 30, 2020, we managed almost all properties developed by Jinke Property Group. See “Relationship with Our Controlling Shareholder – Independence from Our Controlling Shareholder – Mutual and Complementary Relationship with Jinke Property Group” for more details.

During the Track Record Period, we also generated a portion of our revenue from the property management services provided to the properties developed by Jinke Property Group’s joint ventures and associates, which accounted for approximately 0.7%, 1.2%, 1.3%, 1.2% and 2.4%, respectively, of our total revenue for 2017, 2018, 2019 and the first half of 2019 and 2020. See “Business – Property Management Services – Overview” see more details on the GFA under management of the properties developed by Jinke Property Group’s joint ventures and associates. These joint ventures and associates were formed between Jinke Property Group and third-party companies with which Jinke Property Group agreed to establish cooperative



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relationship to strategically expand its business operations. Although Jinke Property Group may be one of the parties in such joint ventures and associates, it would not be able to assure that its joint ventures and associates would award any property management service agreements to us. In addition, we do not have control over the management strategy of Jinke Property Group or its joint ventures or associates, or the macroeconomic or other factors that affect their business operations and financial positions. There is no assurance that we will be able to maintain the high bidding success rate in the future. Any adverse development in the business or financial positions of Jinke Property Group or its joint ventures or associates, or their respective ability to develop and maintain properties may materially and adversely affect our ability to procure new property management services. Our property management service agreements with Jinke Property Group or its joint ventures or associates are also subject to expiration and may not be renewed successfully. We may also fail to diversify our customer base. As a result, we cannot assure you that we will be able to procure service agreements from alternative sources to make up the shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial conditions and results of operations.

Moreover, preliminary management service agreements are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to property owners. Preliminary property management service agreements typically expire when property owners' associations are established and new property management service agreements are entered into. Please see "Business—Property Management Services—Property Management Service Agreements—Key Terms of Dealing with Property Developers" for more information. To continue managing the property, we would have to enter into a new property management service agreements with the property owners' associations. There is no guarantee that property owners' associations will enter into a new property management service agreements with us instead of our competitors. We may therefore bear the risk of termination of rendering services of the existing projects as a result of the set-up of property owners' associations. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms for both sides.

Even where we succeed in entering into property management service agreements with property owners' associations, we cannot guarantee that they will be renewed upon expiration. It is also possible that they may be terminated for cause. In such cases, we would no longer be able to provide community value-added services to residential communities who have terminated our engagements, in addition to our property management services.

Further, we cannot guarantee that all of our contracted GFA will be timely or ultimately delivered pursuant to the relevant contracts we entered into with our potential customers, including property developers, due to reasons beyond our control, including, among others, termination of projects and bankruptcy of the counterparties.

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There is no guarantee that we would be able to find other business opportunities on favorable terms, or at all. Moreover, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. We believe that our brand value is essential to our ability to procure new property management service agreements. Failure to cultivate our brand value may diminish our competitiveness within the industry and lead to an adverse effect on our growth prospects and results of operations.

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

We have, in limited circumstances, expanded our business through acquisitions during the Track Record Period, and plan to continue to evaluate opportunities to acquire other property management companies and/or other businesses and integrate their operations into our business to further expand our business scale and service and geographical coverage. However, there can be no assurance that we will be able to identify suitable opportunities. The PRC property management market is highly fragmented and intensely competitive with numerous market participants. See “Industry Overview—Competition” for more details. Accordingly, a number of property management companies with similar resources and strategies could be competing for high quality acquisition targets. As such, even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. Acquisitions are time-consuming and costly affairs and therefore our management’s attention may be diverted during the process. There are also a number of uncertainties in acquiring such property management companies, including but not limited to difficulties in identifying all the risks relating to potential acquisitions during the due diligence process as there may be additional business risks that are different from those we have historically experienced. The inability to identify suitable acquisition targets or successfully complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

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

- potential ongoing financial obligations and unforeseen or hidden liabilities;
- inability to apply our business model or standardized operational processes on the acquisition targets;
- difficulties in integrating acquired operations with our existing business;
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities;

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- failure to protect and maintain the acquired rights relating to brand names and/or other material intellectual property rights; and
- diversion of resources and management attention.

Approximately 60.0%, or HK\$3,442.8 million, of the proceeds raised from the Global Offering will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships. As of the date of this prospectus, we have not identified or committed to any acquisition targets for our use of net proceeds from the Global Offering. Please see “Future Plans and Use of Proceeds” in this prospectus for more details. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, our proceeds from the Global Offering may not be effectively used.

**We may face fluctuations in our labor and sub-contracting costs, and the increase in employee benefit cost and sub-contracting costs could harm our business and reduce our profitability.**

The property management industry in the PRC is labor intensive. For 2017, 2018 and 2019 and the six months ended June 30, 2020, our employee benefit costs accounted for approximately 61.1%, 60.9%, 54.8% and 46.0% of our total cost of sales, respectively. We delegate certain labor-intensive services such as cleaning services, greening services and repairs and maintenance services to independent third-party sub-contractors. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our sub-contracting costs represented 21.4%, 20.3%, 23.8% and 31.9% of our total cost of sales, respectively. Since our labor and sub-contracting costs together accounted for a significant portion of our cost of sales, we believe that controlling and reducing our labor and sub-contracting costs is crucial for us to maintain and improve our profit margins as well as other operating costs.

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

- *increases in minimum wages.* The minimum wage in the regions where we operate has generally increased in recent years, which has a direct impact on our employee benefit costs as well as the fees we pay to our third-party sub-contractors.
- *increases in headcount.* As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff may increase. We may also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which might further increase our total headcount. Any increases in headcount would also increase our costs in relation to, among others, recruiting, salaries, employee benefits, training, social insurance and housing provident fund contributions.

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

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

**We are exposed to risks associated with third-party sub-contractors to perform certain services to our customers.**

We delegate certain property management services, such as cleaning services, greening services, repair and maintenance services, to independent third-party sub-contractors. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our sub-contracting costs amounted to approximately RMB164.0 million, RMB230.4 million, RMB402.6 million and RMB298.5 million, respectively, representing approximately 21.4%, 20.3%, 23.8% and 31.9% of our total cost of sales for the same periods, respectively. We select our third-party sub-contractors based on factors such as their qualifications, industry reputation, credit, service quality and price competitiveness. We also impose internal quality control measures on our sub-contractors such as routine internal examination, independent third-party assessment and customer feedback assessment. Please see “Business—Quality Control—Quality Control of Sub-contractors” for more information. However, we cannot assure you that they will always perform in accordance with our expectations. They may act in ways contrary to our or our customers’ instructions, their contractual obligations and our quality standards and operational procedures. We may also fail to monitor their performance as directly and effectively as with our own employees. As a result, we are subject to risks associated with being responsible for any sub-standard performance by our third-party sub-contractors, including but not limited to litigation, reputational damage, disruptions to our business, termination or non-renewal of our service agreements and monetary claims from our customers. We may also incur extra costs in order to monitor or replace third-party sub-contractors which do not perform in accordance with our expectations, or mitigate or compensate damages incurred by such third-party sub-contractors.

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In addition, we may be unable to renew our existing sub-contracting contracts upon expiration, or fail to seek suitable replacement in a timely manner, or on favorable terms, or at all. We also do not have control over our sub-contractors to maintain qualified, experienced and sizable teams, or renew their qualifications. In any event that our independent third-party sub-contractors fail to perform their contractual obligations properly and in a timely manner, our work process could be interrupted which could potentially result in a breach of contract between our customers and us. Any of such events could materially and adversely affect our service quality, reputation and performance, as well as our business, financial condition and results of operations.

**We may be subject to losses and decreased profit margins if we fail to effectively anticipate or control our costs in providing our property management services, as we generally charge our customers on a lump sum basis.**

During the Track Record Period, we generated all revenue from our property management services under the lump-sum fee model. On a lump sum basis, we charge property management fees at a monthly, quarterly, semi-annually or annually pre-determined fixed lump sum price per sq.m., representing “all-inclusive” fees for the property management services provided. These management fees do not necessarily correspond with the actual amount of property management costs we incur. The amount we recognize as revenue is the full amount of property management fees we charge to the property owners or property developers, and the amount we recognize as our cost of sales is the actual costs we incur in connection with rendering our services. Please see “Business—Property Management Services—Property Management Fees—Fee Models” and “Financial Information—Significant Accounting Policies, Judgments and Estimates—Revenue recognition” for more information on our fee model and relevant accounting policy.

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

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

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**A substantial portion of our operations is concentrated in the Southwestern China Region, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions.**

We focus on cities with high population densities in economically developed regions, and the substantial portion of our operations are concentrated in the Southwestern China Region. As of December 31, 2017, 2018 and 2019 and June 30, 2020, we managed an aggregate GFA of approximately 38.9 million sq.m., 49.0 million sq.m., 61.7 million sq.m. and 69.9 million sq.m. of properties in the Southwestern China Region, respectively, which accounted for approximately 62.4%, 54.6%, 51.2% and 53.9% of our total GFA of properties under management as of such dates. Our revenue generated from property management services in the Southwestern China Region accounted for approximately 62.5%, 61.5%, 60.8% and 59.3% of our total revenue in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. Given such concentration, any material adverse social, economic or political development in or any natural disaster or epidemic affecting the Southwestern China Region will materially and adversely affect our business, financial position and results of operations.

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

We may encounter difficulties in collecting property management fees from property owners and residents especially in communities with relatively high vacancy rate. We cannot assure you that our collection measures will be effective or enable us to accurately predict our future collection rate. As of June 30, 2020, our outstanding trade and bill receivables amounted to approximately RMB802.1 million. As of September 30, 2020, approximately RMB551.2 million, or 68.7% of our trade and bill receivables as of June 30, 2020, were subsequently settled. In 2017, 2018 and 2019 and the six months ended June 30, 2020, we recorded average trade receivable turnover days of 52 days, 57 days, 67 days and 90 days, respectively. During the same periods, our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was 95.0%, 93.9%, 90.1% and 80.3%, respectively. Please see “Financial Information—Trade Receivables” for more details. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective or enable us to accurately predict our future collection rates.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, our allowance for impairment of trade receivables amounted to approximately RMB1.9 million, RMB2.8 million, RMB5.3 million and RMB7.9 million, respectively. Although our management’s estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions are subject to further adjustment if new information becomes known. Please see “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Trade Receivables” and “Financial Information—Description of Consolidated Statements of Financial Position Items—Prepayment and Other Receivables” for

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more information. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may adversely affect our cash flow position and our ability to meet our working capital requirements, and therefore materially and adversely affect our business, financial position and results of operations.

**Uncertainties related to the recoverability of our prepayments paid to travel agencies could materially and adversely affect our results of operations.**

We provide travel agency services as part of the comprehensive living and travel services under our community value-added services. Our services mainly include the procurement of tour packages from wholesale travel agencies on behalf of identified individual retail customers, and prepaying for tourism-oriented products from wholesale travel agencies in advance at wholesale prices, and then re-sell such products to individual retail customers and other travel agencies with markup. See “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Prepayment and Other Receivables” in this prospectus for more details on the business model and the services we provided during the Track Record Period. There is no guarantee that we would be able to recover all of our prepayments to wholesale travel agencies for securing the products, or at all. In addition, we cannot guarantee that we would be able to receive all of the payments due from our customers for their purchases from us, or at all. If we cannot recover our prepayments or fail to receive the payments due from our customers in time or at all, our liquidity may be negatively affected which may, in turn, materially and adversely affect our financial position and results of operations. We may also encounter unexpected issues with wholesale travel agencies and our customers that may involve litigation and other proceedings which would require additional cost and time to resolve. In such event, we cannot assure you that we will be able to resolve the issues in a way that would not result in any material and adverse impact on us. Any of the above-mentioned events could materially and adversely affect our reputation, business, financial condition and results of operations.

**Our profitability may be negatively affected in the future as we increase the proportion of property management services provided to properties developed by Independent Third Parties to the property management services provided to the projects under our management overall.**

Our average property management fee from property management services charged to residential properties developed by Jinke Property Group and its joint ventures and associates were generally higher than that of average property management fee charged to residential properties developed by Independent Third Parties during the Track Record Period. See “Business—Property Management Services—Property Management Fees” in this prospectus for more details. Our gross profit margins from property management services provided to properties developed by Jinke Property Group and properties developed by Jinke Property Group’s joint ventures and associates were generally slightly higher than those of property management services provided to properties developed by Independent Third Parties during the



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Track Record Period. See “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin” in this prospectus for more details. There is no guarantee that the average property management fee charged by us for property management services provided for properties developed by Independent Third Parties or our gross profit margin from property management services provided to properties developed by Independent Third Parties will increase in the future.

As we expand our business operations and further grow and diversify our customer base by, among others, broadening our existing business relationships or establishing new business relationships with Independent Third Parties, we may become less reliant on revenue generated from property management services provided to properties developed by Jinke Property Group and its joint ventures and associates. This may lead to an increase in the proportion of property management services provided to properties developed by Independent Third Parties to our total property management services. If we cannot maintain or increase the property management fees charged for and/or gross profit margin from property management services provided to properties developed by Independent Third Parties, then our total gross profit margin may decrease. This may materially and adversely affect our financial conditions and results of operations.

**Our diversified business may not develop and succeed as planned, and therefore our overall growth strategy may not work as expected.**

We have diversified our services by providing various value-added services as well as smart living technology solutions to meet the evolving needs of our customers, whether they are property owners or non-property owners. Please see “Business—Our Business Model” for more information. We aim to further expand our business coverage under our four main business lines, namely, property management services, value-added services to non-property owners, community value-added services and smart living technology solutions. For example, we perceive an increasing demand for healthy lifestyle among the residents in communities under our management and intend to increase services related to healthy and fitness, such as providing online healthcare consultancy services and building sports facilities to promote healthier living among residents. Please see “Business—Business Strategies” for more information.

However, our diversified services are still expanding and evolving depending on the circumstances of the project and our accumulated experiences in the relevant local market. With a relatively limited operating history and experience in certain regions, we may face unknown risks, rising expenses and fierce competition in the market. We cannot assure you that we will be able to grow our business as planned. The potential growth of our diversified services depends on our ability to continue to attract new users as well as to increase the spending and repeat purchase rate of existing users. We may fail to cater for various consumer preferences, or anticipate product trends that will appeal to existing potential customers. We may also be unfamiliar with the new business operations in new markets, and fail to effectively promote our new services to new markets. New products and services, or entrance into new markets, may also require substantial time, resources and capital, and profitability targets. We

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also may not have the same level of familiarity with the practices for provision of new services or relationships with our strategic partners, third-party sub-contractors and other suppliers as we do in the property management industries. We may not be able to recruit sufficient qualified personnel to support the growth of our diversified services. In addition, we may have limited ability to leverage on our brand name in the relevant industries in the way that we have done so in the property management industry, which could put us in a less competitive position in the new market.

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

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

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

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We expect that price controls on residential properties will be relaxed over time. For now, our property management fees are subject to the existing local regulations passed by the relevant authorities to implement the above-mentioned circular issued by NDRC on the Opinion on Liberalizing Price controls in Certain Services. As of June 30, 2020, we had approximately 152 residential projects with a total GFA under management accounting for approximately 42.5% of our total GFA under management as of the same date that were subject to price control under the relevant local regulations. The government-imposed limits on fees, coupled with rising labor and other operating costs, could have a negative impact on our revenue. If a property is managed on a lump sum basis, we may experience a decrease in profit margin. If a property is managed on a commission basis, in the event that the collected fees after deducting the commission are insufficient to cover property management expenses, the property owners are legally responsible for making up for such shortage. We cannot assure you that the PRC Government will not reverse its policy and re-impose limits on property management fees. In such event, our profit margins may reduce as our labor, sub-contracting and other associated costs increase. We also cannot assure you that we would be able to respond to such changes in a timely manner and effectively by implementing our cost-saving measures, nor that we would be able to pass the additional costs to our customers. The PRC Government may also unexpectedly promulgate new laws and regulations that have potential adverse impact on our business. This could increase our compliance and operational costs, thereby materially and adversely affect our business, financial condition and results of operations.

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

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### **Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business.**

Natural disasters, epidemics, acts of terrorism or war or other factors that are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of people in the areas where we have or plan to have business operations. In particular, due to their geographic regions, some of these areas are susceptible to the threat of floods, earthquakes, sandstorms, snowstorms, fires or droughts, power shortages or failures, as well as potential wars, terrorist attacks or epidemics such as Ebola, SARS, H1N1, H5N1, H7N9 or, most recently, the novel coronavirus named COVID-19 by the WHO. Any of such events could result in tremendous proprietary damages and losses, personnel injuries and live losses, as well as disruption or destruction of our business operations.

In particular, an outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, spread across the world in early 2020. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. The outbreak of COVID-19 has endangered the health of many people in China, resulting in numerous confirmed cases and deaths and significantly disrupted travels and local economies in and outside of China. To prevent further transmission of COVID-19, the PRC Government has adopted a series of measures nationwide, including among others, locking down some of the cities in the PRC, restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and exiting construction sites. Please see “Business—Effects of the COVID-19 Outbreak” for more information of the COVID-19 outbreak’s impact on our business. Therefore, we are subject to certain risks, which include among others:

- we may not be able to collect property management fees from property developers, public entities, property owners and residents in the cities subject to lockdown due to COVID-19 as scheduled on time in the near future;
- we may not be able to provide certain services to non-property owners such as our sales assistance services at property sales venue in cities where the PRC Government imposed lockdown or other containment measures may be affected;
- we may not be able to provide some of our community value-added services, such as our travel agency services, due to the lockdown and other containment measures;
- we may not be able to further expand in cities subject to lockdown due to COVID-19 in the near future as planned and our tender or bidding process may be postponed which may adversely affect our business expansion;
- any transmission within the community under our management may harm our reputation;

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- we may incur extra costs in relation to our precautionary measures and disinfection works carried out by us which may result in losses under our lump sum charge;
- the delivery of properties for which we have been contracted to provide property management services may be delayed; and
- we may be required to quarantine some or all of our employees, or disinfect the community to prevent the spread of the disease if any of our employees were suspected of contracting or contracted an epidemic disease.

The occurrence of any of the above event may adversely affect our operations and results of operations. The overseas patients who visit the cities in which we operate may affect the local population and our local operations. Furthermore, such adverse epidemics may severely affect and restrict the level of economic activity in China as the government in each region we operate may impose regulatory or administrative measures quarantining affected areas or other measures to control the outbreak of the infectious disease, which together with the disruption of business in major industries may adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic growth in China and the world. In response to the COVID-19 pandemic, governments across the world have imposed travel restrictions and/or lockdown to contain its transmission. As the pandemic continue to spread worldwide, more countries may impose similar or more severe containment measures. There is no assurance that the current containment measures will be effective in halting the pandemic. The current containment measures and any future containment measure may, however, adversely and materially affect the manufacturing, exports and imports and consumption of goods and services globally. The reduction in demand and supply may adversely and materially affect economic growth globally. Any contraction or slowdown in the economic growth of China and the world could adversely affect our business, financial condition, results of operations and growth prospects.

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

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

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

We believe our current success can be partially attributed to our advanced technological capabilities and comprehensive and intelligent operational platform, which enhanced our operation efficiency, reduced our reliance on labor and expanded the scope of our service offerings, all of which helped maximize our profitability. Our competitors may emulate our business model, and we may lose a competitive advantage that has distinguished ourselves from our competitors. If we do not distinguish ourselves and fail to compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.

**We are exposed to liabilities from disputes involving losses or damages incurred by our products and services as well as other incidents in our business that may expose us to liability and reputational risk.**

We may encounter different incidents during the course of our business which may materially and adversely affect our business operation. Claims may arise due to employees' or third-party sub-contractors' negligence or recklessness when performing services or providing products. In addition, product liability may arise from selling the products or services under the Laws on the Protection and Rights and Interests of Consumers of the PRC (《中華人民共和國消費者權益保護法》), the Tort Law of the PRC (《中華人民共和國侵權責任法》) and other relevant PRC laws and regulations. For instance, claims may be brought against us by purchasers, regulatory authorities or other third parties alleging, among others, that: (i) the quality of the products sold or services provided by or through us fail to conform to required product quality; (ii) advertisements made at service centers we established for the communities we serve with respect to such products or services are false, deceptive, misleading, libelous, injurious to the public welfare otherwise offensive; (iii) such products or services are defective or injurious and may be harmful to others; and (iv) such marketing, communication or advertising infringe on the proprietary rights of other third parties. These occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability. Violation of product quality and safety requirements by third-party vendors may subject us to confiscation of related earnings, penalties or an order to cease sales of the defective products. If the offense is determined to be serious, our business license to sell these products could be suspended or revoked and we could be ordered to cease operations pending rectification.

We may be held liable for the personal injuries or property losses of our customers due to the foregoing incidents that may occur during the course of our service. We may be required to recall our products and may face product liability claims due to a material design, manufacturing or quality failure in the products or services offered or advertised by us.



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Customers may not use the products offered or advertised by or through us in accordance with product usage instructions, possibly resulting in customer injury and our responsibility towards such injuries. Any of these events could materially harm our brand and reputation and marketability of such products or service, which materially and adversely affect our business, results of operation and financial position.

**Our administrative expenses may materially increase as we expand our scale of operation, which could materially and adversely affect our financial condition and results of operation.**

We recorded administrative expenses in the amount of RMB148.0 million, RMB185.8 million, RMB233.4 million, RMB91.9 million and RMB89.9 million, for 2017, 2018, 2019 and the first half of 2019 and 2020, respectively. Our administrative expenses increased at a CAGR of approximately 25.6% from 2017 to 2018 and decreased by approximately 2.1% from the first half of 2019 to the same period in 2020, while our revenue increased at a CAGR of approximately 49.1% from 2017 to 2019 and by approximately 36.2% from the first half of 2019 to 2020. As such, our administrative expenses generally did not grow in commensuration with our revenue growth during the Track Record Period, mainly because (i) there was no substantial increase in the salary level of our administrative staff during the Track Record Period; (ii) the traveling expenses for our administrative stayed stable or experienced slight decrease during the Track Record Period; and (iii) our depreciation and amortization charges remained stable as there was no material changes in the software, equipment or assets used for our administrative offices. Please see “Financial Information—Results of Operations” for more information. As we further expand our business operations and enlarge the scale of operation after the Listing, we may experience material increases in our administrative expenses as we may require more administrative staff and other resources to support our business expansion, and that certain COVID-19 relief or any similar exemption may not continue to be awarded to us in the future. Although we seek to effectively control our administrative expenses, we cannot assure you that such expenses will not materially increase in the future, especially given that our scale of operation will be enlarged after the Listing. Material increases in the administrative expenses may adversely affect our profitability and, in turn, result in a material and adverse impact on our financial condition and results of operations.

**We had net operating cash outflow from our operating activities for the six months ended June 30, 2019, and our business and financial condition could be materially and adversely affected if we fail to maintain effective cash flow management.**

We recorded net cash outflow of operating activities of RMB94.8 million for the six months ended June 30, 2019. See “Financial Information—Liquidity and Capital Resources—Cash Flow—Net cash generated from/(used in) operating activities” in this prospectus for more information. While we have in the past financed our working capital needs primarily with our cash at banks and net cash generated from operating activities, we cannot assure you that we will always be able to generate net cash from operating activities. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity



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requirements. 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 face financial difficulties and our business and financial condition could be materially and adversely affected.

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

We cannot assure you that the PRC policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. During the Track Record Period, certain members of our Group located in the western parts of the PRC benefit from a preferential income tax rate of 15% pursuant to the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy jointly issued by the General Administration of Customs, SAT and the Ministry of Finance in 2011. In addition, one of our subsidiaries in the PRC enjoyed the preferential income tax rate of 15.0% as a new and high-technology enterprise for 2019 pursuant to the Measures for New and High-Technology Enterprises issued by the Ministry of Technology, Ministry of Finance and SAT in 2016. Please see “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Income Tax Expenses” for more information of our preferential tax treatments and our income tax expenses during the Track Record Period. We cannot assure you that we will continue to enjoy the aforementioned preferential income tax treatments. If the applicable PRC tax regulations change, if we fail to renew any preferential tax treatment qualification in time or at all, or if any change or termination of preferential tax treatment occurs, the increase in our tax change or any other related tax liabilities could materially and adversely affect our results of operations and financial condition.

**There is no assurance that we will receive government grants or interest income from loans to related parties in the future.**

Our business benefits from government grants and interest income from loans to related parties, which are non-recurring in nature. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the government grants awarded to us amounted to RMB3.4 million, RMB3.3 million, RMB20.8 million and RMB3.6 million, respectively. During the same periods, the interest income from loans to related parties amounted to nil, nil, RMB26.8 million and RMB15.3 million, respectively. Please see “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Other Income” for more information.

The governments from which we had been granted subsidies or grants conduct their own assessments and sets their own policies over which we have no control or influence. As such, there is no assurance that we will receive any government grant in the future and we cannot guarantee you that we will be able to obtain any future government grant, or at all.

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The interest income is primarily accrued from amount due from related parties, please see “Financial Information—Prepayment and Other Receivables—Other Income” for more information. We cannot assure you that such arrangement will recur in the future. If any of the related parties faces unexpected situations, including, but not limited to, financial difficulties, we may encounter difficulties in collecting interest from them. If any of the foregoing events occurs, our financial condition may be materially and adversely affected.

**We may be subject to penalties or adverse judicial rulings as a result of making advances to related companies during the Track Record Period.**

During the Track Record Period, we made certain advances to certain subsidiaries of Jinke Property, which may not be in compliance with the PRC laws and regulations. We recorded finance income from such advances in the amount of RMB107.3 million, RMB154.3 million, RMB159.6 million and RMB62.2 million in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. We had fully repaid the advances and related interests as of the Latest Practicable Date. According to the General Lending Provisions (貸款通則) promulgated by the PBOC, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. According to the General Lending Provisions (貸款通則), a company which is not a financial institution and offers loans may be imposed penalties in the amount equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities. However, 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 “Private Lending Provisions”), which became effective on September 1, 2015 and was revised on August 20, 2020, distinguished private lending and loans offered by financial institutions. According to the Private Lending Provisions, borrowing agreements between companies which are not financial institutions shall be classified as private lending and should be valid if such lending are for business operation purposes and do not fall into situations leading to invalidity of a contract under the Contract Law of PRC. PRC courts will support a company’s claim for interest in respect of such lending as long as the annual interest rate does not exceed four times of the applicable one-year loan prime rate (“LPR”). Our PRC Legal Advisors are of the view that the possibility of us being penalized in respect of the above-mentioned advances pursuant to the General Lending Provisions is very low. Please see “Financial Information—Indebtedness—Borrowing” for more details. However, the final determination of the relevant regulatory authorities could be different, and we may be subject to penalties from the PBOC or adverse judicial rulings as a result of the abovementioned cash advances. Any of these penalties could have a material adverse effect on our business, financial position and results of operations.

**Negative publicity, including adverse information on the Internet may have a material adverse effect on our business, reputation and the trading price of our Shares.**

There could be from time to time negative publicity about us, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us. Negative reviews on the properties managed by us, products and services provided by us, our

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

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

Our customers may file complaints or claims against us regarding our services. Our customers include individual property owners and residents and our business is to provide property management and other services to them, which includes addressing the everyday needs of their homes and their families. These property owners and residents, even though living in the same property under our management, come from all walks of life and may have different expectations on how their properties and neighborhoods should be managed. As a result, during our ordinary course of business, we need to strike a balance among these varying expectations among different groups of property owners and residents.

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

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

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

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

As the property management service provider, we may be viewed as responsible for restoring the common areas and assisting any investigative efforts. In the event that there is any shortfall in the special funds necessary to cover all the costs involved, we may have to compensate for the difference with our own resources first. We would need to collect the amount of the shortfall from the property owners later. Please see “Regulatory Overview—Legal Supervision over Property Management Services—Fees Charged by Property Management Companies” for more information. To the extent that our attempts are unsuccessful, we may experience material adverse effects on our business, financial position and results of operations. As we intend to continue growing our business, the likelihood of such occurrences may rise in proportion to any increases in the number of our managed properties.

**We are exposed to interruptions and security risks in relation to our information technology systems and third-party online payment platforms, which may result in disruption of our operations.**

We rely on our information technology systems to manage key operational functions. For example, we rely on our “Jinke Grande Community APP” (金科大社區) to provide various property management services, which involve, among others, the collection and management of customer inquiries, requests and feedbacks, responding to our customers’ requests and organizing and tracking of our responses. Please see “Business—Technology and Data Management” for more information. We operate under an integrated system where information related to human resources and financials is processed automatically. However, we cannot guarantee that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information technology systems will not occur in the future. If we fail to detect any system error or malfunction, continue to upgrade our information technology systems and network infrastructure, or take other measures to improve the efficiency of our information technology systems, system interruptions or delays could occur, which could adversely affect our operating results. In addition, occasional system interruptions and delays may occur to our information technology systems, including our “Jinke Grande Community APP” (金科大社區) or any other customer service systems that make our services unavailable or difficult to access, and prevent us from promptly responding

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## RISK FACTORS

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or providing services to our customers, which could reduce the attractiveness of our services and even incur losses to our customers who may bring legal proceedings against us. Moreover, we may incur significant costs in restoring any damaged information technology systems or to comply with any relevant data protection requirements under the relevant PRC laws and regulations. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

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

**We may be exposed to liabilities from disputes involving products and services offered and advertised on our online service platforms.**

To facilitate the development of our services, we sell goods (including food) and provide various services through our “Jinke Grande Community APP” (金科大社區) and the mini APP “Blessed Neighborhood (福鄰社)”. We also collaborate with third-party merchants and advertise their products and services on our our “Jinke Grande Community APP” (金科大社區) and the mini APP “Blessed Neighborhood (福鄰社)”. We may therefore be subject to product liability arising from reselling or advertising the products or services on the mobile application under the Laws on the Protection and Rights and Interests of Consumers of the PRC, the Tort Law of the PRC, the Advertising Law of the PRC and other relevant PRC laws and regulations.

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For instance, claims may be brought against us by purchasers, regulatory authorities or other third parties alleging, among other things, that: (i) the quality of the products sold or services provided by or through us via our service platform fail to conform to required product quality; (ii) advertisements made on our service platform with respect to such products or services are false, deceptive, misleading, libelous, injurious to the public welfare or otherwise offensive; (iii) such products or services are defective or injurious and may be harmful to others; and (iv) such marketing, communications or advertising infringe on the proprietary rights of other third parties.

We currently do not carry any product liability insurance coverage. Any product liability claim or governmental regulatory action could be costly and time-consuming. We could be required to pay substantial damages as a result of such claim or action. A material design, manufacturing or quality failure in the products or services offered or advertised on our relevant service platform, safety issues or heightened regulatory scrutiny could each result in a product recall and increased product liability claims. Furthermore, customers may not use the products offered on our service platform in accordance with product usage instructions, possibly resulting in customer injury. All of these events could materially harm our brand and reputation and marketability of such products or services, cause us to lose our existing mobile application users with lower user engagement, divert our management's attention and have a material adverse effect on our business, financial position and results of operations.

**Failure to protect confidential information of our customers and our network against security breaches, any actual or perceived failure by us or third parties to comply with applicable data protection laws and regulations or privacy policies could harm our business, financial condition and results of operations.**

We collect, store and process personal and other sensitive data from our customers, such as addresses and phone numbers. Our security measures may be breached due to employee error, malfeasance, system errors or vulnerabilities, or otherwise. Outside parties may also attempt to fraudulently induce employees to disclose sensitive information in order to gain access to our data or our customers' data. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached due to factors beyond our control. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platforms could cause confidential customer information to be stolen and used for unlawful purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

Under the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "Cyber Security Law"), network operators are generally obligated to protect their networks against disruption, damage or unauthorized access, and to prevent data leakage, theft or tampering. In addition, they will also be subject to specific rules depending on their



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classification under the multi-level network security protection scheme. With respect to personal information protection, the Cyber Security Law requires network operators not to disclose, tamper with or damage personal information collected or generated in the business operation, and they are obligated to delete unlawfully collected information and to amend incorrect information. In addition, network operators may not collect, use or provide personal information to others without consent. Moreover, the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) is the specialized regulation governing the collection and use of personal information of users in the provision of telecommunication service and Internet information services. These laws and regulations are evolving, and their interpretation and enforcement involve significant uncertainties. The evolving PRC regulations regarding (i) data collection, usage and transfer; and (ii) cyber security may lead to future restrictions and the establishment of new regulatory agencies, and we may bear more legal responsibilities and compliance costs, which may have an adverse effect on our prospects. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our reputation and brands could be severely damaged and we could incur significant liability, and our business, financial condition and results of operations could be adversely affected.

**Our success depends, in part, on our ability to attract and retain qualified management members and employees.**

Our continued success is partially dependent upon the efforts of our Directors, senior management and other qualified employees who are experienced in property management and related industries. For example, Mr. Xia Shaofei and Mr. Luo Chuansong have extensive experience and deep industry knowledge, which earned them wide recognition in the industry. We believe their professional skills and high status in the industry will make us more competent and outstanding. If a material number of our qualified employees leaves and we are unable to promptly hire and integrate a suitable replacement, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected. Please see “Directors and Senior Management” for more information.

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

Our intellectual properties are our crucial business assets, which are key to our customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our trade names and trademarks to increase brand recognition and to develop our business brands. Please see “Business—Intellectual Property” for further information. Unauthorized reproduction or infringement of our trade names or trademarks



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could diminish the value of our brands as well as our market reputation and competitive advantages. The unauthorized third party may use our intellectual property in ways that damage our reputation and brand names, such as providing services that are at lower standards or handling customer relationship in bad manner.

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

**We may fail to obtain or renew required permits, licenses, certificates or other relevant PRC Governmental approvals and filings necessary for our business operations, which may materially and adversely affect our business and results of operations.**

We are required to obtain certain governmental approvals in the form of permits, licenses and certificates or other approvals and filings in order to provide our services, and the material permits, licenses and/or certificates include Food Business License (食品經營許可證), Filing for the Real Estate Brokerage Institutions (房地產經紀機構備案) and Filing for Company's Self-Recruiting Security Guards (自行招用保安員單位備案). Generally, they are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals. Moreover, we anticipate that the PRC Government and relevant authorities will promulgate new policies in relation to the conditions for issuance or renewal from time to time.

We cannot guarantee that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits, licenses and certificates or that we will be able to overcome these obstacles in a timely manner, or at all. Loss of or failure to obtain or renew our permits, licenses and certificates may stall our business operations, possibly leading to material adverse effects on our business and results of operations.

**Our property management agreements may have been obtained without the required tender and bidding process, which may affect our business and results of operations.**

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

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residential projects under our management had been engaged without the required tender and bidding process under applicable PRC laws and regulations. Please see “Business—Property Management Services—Property Management Contract” for more details. The lack of a tender and bidding process for the selection of property management service provider for the aforementioned projects was not caused by us but by the relevant property developer. Our PRC Legal Advisors have advised that the lack of a tender and bidding process does not lead to invalidity of the property management contract. Our PRC Legal Advisors advised us that we would not be subject to any administrative penalties in relation to such lack of tender process which should be organized by property developer pursuant to the applicable PRC laws and regulations. However, Judicial practice varies in the PRC and the abovementioned contracts executed without a tender and bidding process may be determined invalid by relevant local judicial authorities. If this occurs, we may lose a portion of our revenue accrued under such property management contracts. In addition, the relevant property developer may need to organize a tender and bidding process to select a property management service provider for their developed projects. In the case that we do not win the tender and bidding, we may not continue our property management services for the relevant projects and, as a result, our revenue and business may be negatively impacted. Please see “Business—Property Management Services—Property Management Contract” for more details.

**Some landlords may not have provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities.**

During the Track Record Period, some of our landlords failed to provide valid title certificates with respect to some of our leased properties in the PRC. Please see “Business—Properties” for more details. If our landlords are not the owner or not authorized by the real owner to lease the properties to us, we might need to seek alternative properties and incur additional costs relating to such relocation. Any dispute or claim in relation to the rights to use or lease of the properties occupied by us, including any litigation involved allegations of illegal or unauthorized use of these properties, may require us to relocate our business premises. If any of our leases were terminated as a result of any challenge by third-parties or any failures of our landlords to renew the leases or obtain their legal titles or the requisite government approval or consent to lease the relevant properties, we may need to seek alternatives premises and incur additional costs for relocation.

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we leased certain properties from independent third-party landlords mainly for our office premises and staff dormitory. As of June 30, 2020, we failed to register 235 lease agreements under which we are the tenants. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations, or our rights or entitlements to lease out the investment properties to tenants. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to

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RMB10,000 per lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. Please see “Business—Properties” for more information.

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

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

**We have failed to register for and/or fully contribute to social insurance and housing provident funds for some of 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 register and/or fully contribute to certain social insurance and housing provident funds for some of our employees. We have made provisions in the amounts of RMB1.2 million, RMB1.6 million and RMB1.4 million to our consolidated statements of comprehensive income in respect of such potential liabilities in 2017, 2018 and 2019, respectively, for certain of our PRC subsidiaries. As advised by our PRC Legal Advisors, under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), (i) if we fail to complete housing provident fund registration before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch and (ii) 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 make such payments, we may be liable to a fine of one to three times the outstanding contribution amount. Please see “Business—Employees—Social Insurance and Housing Provident Fund Contributions” for more information.

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

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

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

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

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

We are subject to extensive and increasingly stringent environmental protection, health and labor safety laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, there is a growing awareness of environmental, health and labor safety issues, and we may sometimes be expected to meet a standard which is higher than the compulsory requirements. We cannot guarantee that more stringent environmental protection, health and labor safety requirements or standards will not be imposed in the future. We cannot assure you that our procedures and training will be completely effective in satisfying all relevant environmental and safety requirements. If we are unable to comply with existing or future environmental, health and labor safety laws and regulations or are unable to meet public expectations in relation to relevant matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may adversely impact our business, financial position, results of operations and growth prospects.

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## RISK FACTORS

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

Accidents may occur during the course of our business. Work injuries 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. 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 or sub-contractors. 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 incur additional costs, we may suffer material adverse effects to our business, financial position, results of operations and brand value. In addition, we are exposed to claims that may arise due to employees' or third-party sub-contractors' negligence or recklessness when performing repair and maintenance services. We may be held liable for the injuries or deaths of employees, sub-contractors, residents or others. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

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

We have established risk management and internal control systems consisting of policies and procedures that we believe will contribute to the continued success of our business. Please see "Business—Internal Control and Risk Management" for more information. 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, sub-contractors or third parties in a timely and effective manner. Examples of such behavior include crimes such as theft, vandalism and bribery during tenders.

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

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## RISK FACTORS

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### RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

Our major business, assets and operations are located in the PRC. Therefore, our business, results of operation, financial position and prospects are, to a large extent, subject to the economic, political, social and legal conditions in the PRC.

The development of Chinese economy is unique in many respects, including its structure, level of development, and growth rate. Although the PRC Government has implemented measures emphasizing the utilization of market forces in the development of the Chinese economy, it still exercises macroeconomic control through means including allocation of resources and setting monetary policy. The PRC Government also continues to play a significant role in regulating industries by imposing industrial policies. There is no assurance that the economic, foreign currency or legal systems of China will not develop in a way that is detrimental to our business operations. For example, our financial position and results of operations may be affected by the PRC Government's control over capital investment, price controls, inflation or deflation, or any changes in tax regulations or foreign exchange controls that are applicable to us. Our results of operations, financial condition and prospects may also be adversely affected by changes in foreign currency, social policies, political stability as well as other conditions in the PRC.

In addition, while the PRC Government has undergone various economic reforms in the last few decades, many of such reforms are expected to be refined, adjusted and modified from time to time based on economic and social conditions. In addition, the scope, application and interpretation of the laws and regulations relating to such reforms may not be entirely clear. Many of the reform measures are unprecedented or experimental and are expected to be modified from time to time. Such refinement, adjustment or modification may impact our business operations in ways that we cannot predict, and any uncertainty in the scope, application and interpretation of the relevant laws and regulations may materially and adversely affect our results of operations and financial condition.

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



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## RISK FACTORS

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Furthermore, there is no assurance that the substantial growth in the PRC economy in the previous decades will continue or continue at the same pace. In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. In recent years, the trade war between the U.S. and China further slows down the growth of the PRC economy and gives rise to uncertainties on the global economy. In 2018 and 2019, the U.S. Government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US\$550 billion worth of Chinese products. In retaliation, the PRC Government responded with tariffs on cumulatively US\$185 billion worth of U.S. products. In addition, in 2019, the U.S. Government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The PRC Government lodged a complaint in the World Trade Organization against the U.S. over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "Phase I Agreement"). It remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. The lasting impact the trade war may have on China's economy and the real estate industry remains uncertain. Should the trade war materially impact the PRC economy, the purchasing power and needs of our customers could be negatively affected. The full impact of relevant events remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profoundly adverse implications.

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

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

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



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## RISK FACTORS

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

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

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

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

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Please see “Regulatory Overview—Foreign Exchange Related Regulations” for more information. We receive all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

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

**Payment of dividends is subject to restrictions under PRC law.**

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

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

A substantial portion of our business is conducted in Renminbi. However, following the Global Offering, we may also maintain a significant portion of the proceeds in Hong Kong dollars before they are used in our PRC operations. The value of the Renminbi against the US dollar, Hong Kong dollar and other currencies may be affected by changes in the PRC’s policies and international economic and political developments. As a result of these and any future changes in currency policy, the exchange rate may become volatile, the Renminbi may be revalued further against the US dollar or other currencies or the Renminbi may be permitted

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to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars, which are pegged to the US dollar, of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. An appreciation of the Renminbi against the US dollar or the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert US dollars or Hong Kong dollars into Renminbi for such purposes.

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

As we are incorporated, our businesses are conducted, and our assets are located, in the PRC, our operations are governed principally by the PRC laws and regulations. The legal system in the PRC has been developing continuously. Currently effective laws and regulations may not sufficiently cover all aspects of economic activities in the PRC, and there is much uncertainty in their application, interpretation and enforcement. In particular, since the property management industry is in its early developmental stage in the PRC, the laws and regulations relating to this industry are evolving and may not be comprehensive. The PRC legal system is also partly based on government policies and administrative rules that may take effect retrospectively. As a result, we may not be aware of our violation of these policies and rules in a timely manner. In addition, the PRC legal system is based on written statutes and may differs from other jurisdictions in many ways. Prior court decisions may be cited for reference but have limited precedential value. Accordingly, the outcome of dispute resolutions may not be consistent or predictable, and it may be difficult to enforce judgments and arbitration awards in the PRC. Any litigation or regulatory enforcement action in the PRC may also be protracted, which may result in the diversion of our resources and management attention. These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions may limit the legal remedies and protections available to us under the PRC laws, rules and regulations.

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

A majority of our senior management members reside in the PRC, and substantially all of the assets of those people and of our Group are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any foreign judgments. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法

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院相互認可和執行當事人協議管轄的民商事案件判決的安排》)。Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be also difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in the PRC.

### **RISKS RELATING TO THE GLOBAL OFFERING**

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

The Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets of HK\$35.65 per H Share, based on the maximum Offer Price of HK\$47.6 per Offer Share.

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

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

Prior to the Global Offering, there was no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations among us and the JGC Representatives on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for listing of, and permission to deal in, our H Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading. The market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering.

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

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

- variations in our financial position and/or results of operations;
- unexpected business interruptions resulting from, among others, natural disasters or power shortage;
- our inability to compete effectively in the market;
- major changes in our key personnel or senior management;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- changes in laws and regulations in China;
- changings in securities analysts’ estimates of our financial condition and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changings in investors’ perception of us and the investment environment generally;
- our inability to maintain regulatory approval for the operations of our business;
- fluctuations in stock market price and volume;
- announcement made by us or our competitors;
- changes in pricing adopted by our competitors;
- political, economic, financial and social developments in China and Hong Kong and in the global economy; and
- involvement in material litigation.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. For instance, during the global economic downturn and financial market crisis begun around the middle of 2008, the global stock markets witnessed drastic price

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drops with heavy unprecedented selling pressure. Many stocks fell significantly from their peaks in 2007 and there were similar stock price movements were observed in the second half of 2011 as certain recent adverse financial developments have affected the global securities and financial markets. In addition, in the United Kingdom, a remain-or-leave referendum on its membership within the European Union was held in June 2016, the result of which favored the exit of the United Kingdom from the European Union (“**Brexit**”). On January 31, 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union will have a transition period until December 31, 2020 to negotiate, among others, trade agreements in details. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. These developments include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period of time, in interest expense on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If we experience such fluctuations, results of operations and financial position could be materially and adversely affected. Moreover, market fluctuations may also materially and adversely affect the market price of our H Shares.

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

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

Upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised, there will be 500,000,000 Domestic Shares, representing 79% of the total share capital of the Company; pursuant to the Global Offering, there will be 132,911,400 H Shares, representing 21% of the total share capital of the Company; In addition, our Domestic Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant regulatory authorities, including CSRC, shall have been obtained in accordance with the regulations of the State Council’s securities regulatory authorities as well as regulations, requirements and procedures of relevant overseas stock exchanges. No class shareholder vote is required for the conversion of such Shares and the listing and trading of the converted Shares on an overseas stock exchange. Future sales, or perceived sales, of the converted Shares may adversely affect the trading price of H Shares.



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

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

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

Certain facts and other statistics in this prospectus relating to China, the PRC economy, the PRC property management industry have been derived from various official government publications, from CIA and publicly available sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us or any of our affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics.

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

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we paid a dividend in an amount of RMB197.2 million, RMB96.8 million, RMB146.7 million and nil, respectively. The payment and amount of dividends (if any) will depend upon our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. We cannot guarantee that dividends of any amount will be declared or distributed in any year. Please see “Financial Information—Dividend Policy and Distributable Reserves” in this prospectus

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

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholder will remain having substantial control over its interests in the share capital of our Company. Subject to the Articles of Association and the Companies Ordinance



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and the Listing Rules, the Controlling Shareholder by virtue of their controlling beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholder may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholder conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

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

Our management may use the net proceeds from the Global Offering in ways that you may not agree with or that do not yield a favorable return to our Shareholders. By investing in our Shares, you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering. Please see “Future Plans and Use of Proceeds” for more information.

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

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

**Forward-looking information is subject to risks and uncertainties.**

This prospectus contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in

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this prospectus. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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

### MANAGEMENT PRESENCE IN HONG KONG

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

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

- (1) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that our Group complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Xu Guofu (徐國富) (the executive Director and the joint company secretary of our Company) and Mr. Lau Kwok Yin (劉國賢) (the joint company secretary of our Company). Mr. Lau is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorized representatives is authorized to communicate on our behalf with the Stock Exchange;
- (2) both of our authorized representatives have means to contact all of our Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. To enhance communication among the Stock Exchange, the authorized representatives and our Directors, our Company will implement a policy that (a) each of the Directors has provided their respective mobile phone number, office phone number and email address to the authorized representatives; (b) in the event that a Director expects to travel or is otherwise out of office, he/she will provide the phone number of the place of his/her accommodation to the authorized representatives or maintain an open line of communication via his/her mobile phone; and (c) each of our Directors and the authorized representatives has provided their respective mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange;

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## WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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- (3) in compliance with Rules 3A.19 and 19A.05 of the Listing Rules, we have appointed Guotai Junan Capital Limited as our compliance advisor (the “**Compliance Advisor**”), which has access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details. The authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. There will be adequate and efficient means of communication between our Company, the authorized representatives, the Directors and other officers and the Compliance Advisor, and to the extent reasonably practicable and legally permissible, our Company will keep the Compliance Advisor informed of all communications and dealings between our Company and the Stock Exchange; and
- (4) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of our authorized representatives and/or the Compliance Advisor.

### JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and the Guidance on experience and qualification requirements of a company secretary (HKEX-GL108-20), the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a certified public accountant as defined in the Professional Accountants Ordinance, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. According to the Guidance Letter HKEX-GL108-20, the waiver under Rules 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the Listing Date (the “**Waiver Period**”) and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company.

We have appointed Mr. Xu Guofu (徐國富) and Mr. Lau Kwok Yin (劉國賢) as our joint company secretaries. Mr. Xu, as our executive Director, deputy general manager, chief financial officer and secretary of our Board, is primarily responsible for financial management, fund management and board matters of our Group. Given Mr. Xu has over 13 years of

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## WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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accounting and financial experience and currently serves as the secretary of our Board, our Directors are of the view that, with Mr. Xu's thorough understanding of the financial operations and corporate governance matters of our Group, he is considered as a suitable person to act as a company secretary of our Company. In addition, as our core business and operations are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Mr. Xu as a company secretary whose presence in the headquarter of our Group enables him to attend to the day-to-day corporate secretarial matters concerning our Group. However, given Mr. Xu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Xu on the condition that Mr. Xu will be assisted by Mr. Lau who possesses the qualifications or experience as required under Rule 3.28 throughout the Waiver Period. In order to provide support to Mr. Xu, we have appointed Mr. Lau, a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst, who possessed the qualifications and experience as required under Rule 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Xu, for the Waiver Period so as to enable Mr. Xu to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

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

See "Directors and Senior Management" for the biographical information of Mr. Xu and Mr. Lau.

### CONTINUING CONNECTED TRANSACTIONS

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

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## WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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respect of the continuing connected transactions as disclosed in “Connected Transactions—(C) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements.” Please see “Connected Transactions” for further information.

### **PUBLIC FLOAT**

Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought. This normally means that at least 25% of the issuer’s total issued share capital must at all times be held by the public. However, pursuant to Rule 8.08(1)(d) of the Listing Rules, the Stock Exchange may, subject to certain conditions and at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK\$10 billion.

We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules. Therefore, our minimum public float shall be the higher of (i) 21.0% of our total issued share capital immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised); and (ii) such percentage of H Shares to be held by public immediately after completion of the Global Offering (as increased by the H Shares to be issued upon any exercise of the Over-allotment Option), provided that the higher of (i) and (ii) above is below the minimum public requirement of 25% under Rule 8.08(1) of the Listing Rules.

In order to support the application of this waiver, we have confirmed to the Stock Exchange that:

- (i) we will have an expected market capitalization at the time of Listing of over HK\$10 billion;
- (ii) the quantity and scale of H Shares would enable the market to operate properly with a lower percentage of public float;
- (iii) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float;
- (iv) we will make appropriate disclosure of the lower percentage of public float in this prospectus; and
- (v) we will confirm sufficiency of public float in our successive annual reports after the Listing.

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

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### **CLAWBACK MECHANISM**

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to certain percentage of the total number of the Offer Shares offered under the Global Offering if a certain prescribed total demand level is reached. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that the initial allocation of Offer Shares under the Hong Kong Public Offering shall be 9.0% of the Global Offering and in the event of over-subscription under the Hong Kong Public Offering, the JGC Representatives shall apply an alternative clawback mechanism to the provisions under paragraph 4.2 of Practice Note 18 of the Listing Rules, following the closing of the application lists as disclosed in “Structure and Conditions of the Global Offering—2. The Hong Kong Public Offering—Reallocation and clawback”.



**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CSRC APPROVAL**

The CSRC has given us its approval for the listing of our H Shares on the Stock Exchange and the Global Offering on October 13 2020. In granting this approval, the CSRC does not accept responsibility for the financial soundness of our Company, or for the accuracy of any of the statements made or opinions expressed in this prospectus and the Application Forms.

As advised by our PRC Legal Advisors, Guantao Law Firm, our Company has obtained all necessary approvals and authorizations in the PRC in relation to the Global Offering and the Listing.

**3. INFORMATION ON THE GLOBAL OFFERING**

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

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

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## INFORMATION ABOUT THE PROSPECTUS AND THE GLOBAL OFFERING

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

### **4. UNDERWRITING**

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is conditionally underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the JGC Representatives (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around November 10, 2020, subject to the Offer Price being agreed.

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

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

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

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

**6. DETERMINATION OF THE OFFER PRICE**

The H Shares are being offered at the Offer Price which will be determined by the JGC Representatives (for themselves and on behalf of the Underwriters) and our Company on or around Tuesday, November 10, 2020, and in any event no later than Wednesday, November 11, 2020. If the JGC Representatives (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on such date, the Global Offering will not proceed.

**7. APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

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

No part of our share or loan capital is listed on or dealt in on any other stock exchange or on any other authorized trading facility such as the Securities Trading Automated Quotation System and no such listing or permission to list is being or proposed to be sought in the near future.

**8. COMMENCEMENT OF DEALINGS IN THE H SHARES**

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Tuesday, November 17, 2020. The H Shares will be traded in board lots of 100 H Shares each. The stock code of the H Shares will be 9666.

**9. H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

**10. PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasize that none

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

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of us, the Joint Sponsors, the JGC Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, supervisors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposing of, or dealing in, the H Shares or the exercise of any rights attaching to the H Shares.

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

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

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

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

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

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

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

- (i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations and our Articles of Association;
- (ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish

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## INFORMATION ABOUT THE PROSPECTUS AND THE GLOBAL OFFERING

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its award, which shall be final and conclusive. For further details, please see “Appendix IV—Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” and “Appendix V—Summary of the Articles of Association” in this prospectus;

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

### **14. OVER-ALLOTMENT AND STABILIZATION**

Details with respect to the Over-allotment Option and stabilization are set out in the paragraphs headed “Structure and Conditions of the Global Offering—4. Stabilization” and “Structure and Conditions of the Global Offering—3. The International Offering—Over-allotment Option” in this prospectus.

### **15. LOCK-UP UNDERTAKINGS BY OUR COMPANY AND OUR CONTROLLING SHAREHOLDER**

Details with respect to the lock-up undertakings by our Company and our Controlling Shareholder are set out in the paragraph headed “Underwriting—2. Underwriting Arrangements and Expenses—Undertakings to the Stock Exchange pursuant to the Listing Rules” in this prospectus.

### **16. EXCHANGE RATE CONVERSION**

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

US\$1.00: HK\$7.7498

US\$1.00: RMB6.6725

RMB1.00: HK\$1.1615

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

**17. ROUNDING**

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

**18. LANGUAGE**

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

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

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**DIRECTORS**

| <b>Name</b>                    | <b>Residential Address</b>                                                                                        | <b>Nationality</b> |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Executive Directors</b>     |                                                                                                                   |                    |
| Mr. Xia Shaofei (夏紹飛)          | Jinke Jinshashuian<br>Beibin Road, Huaxin Street<br>Jiangbei District<br>Chongqing, PRC                           | Chinese            |
| Mr. Luo Chuansong (羅傳嵩)        | No. 405, Tuqiang Village<br>Nanan District<br>Chongqing, PRC                                                      | Chinese            |
| Mr. Xu Guofu (徐國富)             | No. 296<br>Jinkai West Lane<br>Yubei District<br>Chongqing, PRC                                                   | Chinese            |
| <b>Non-executive Directors</b> |                                                                                                                   |                    |
| Mr. Luo Licheng (羅利成)          | Building 13<br>Jinke Shiniancheng<br>No. 480, Panxi Road<br>Shimahe Street<br>Jiangbei District<br>Chongqing, PRC | Chinese            |
| Mr. Liang Zhongtai (梁忠太)       | Building 3<br>No. 33, Xingsheng Street<br>Yubei District<br>Chongqing, PRC                                        | Chinese            |
| Mr. Li Nan (李楠)                | No. 3 Courtyard<br>Section 2, Taiyanggong Street<br>Chaoyang District<br>Beijing, PRC                             | Chinese            |



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

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| <u>Name</u> | <u>Residential Address</u> | <u>Nationality</u> |
|-------------|----------------------------|--------------------|
|-------------|----------------------------|--------------------|

**Independent non-executive Directors**

|                                |                                                                       |         |
|--------------------------------|-----------------------------------------------------------------------|---------|
| Mr. Cao Guohua (曹國華)           | No. 11, Baishulin<br>Shapingba District<br>Chongqing, PRC             | Chinese |
| Ms. Yuan Lin (袁林)              | No. 50, Zhengfa No. 2 Village<br>Shapingba District<br>Chongqing, PRC | Chinese |
| Mr. Chan Chi Fung Leo<br>(陳志峰) | 21B, Tsui King Court<br>18 Water Street<br>Sai Ying Pun<br>Hong Kong  | Chinese |

**SUPERVISORS**

| <u>Name</u> | <u>Residential Address</u> | <u>Nationality</u> |
|-------------|----------------------------|--------------------|
|-------------|----------------------------|--------------------|

|                       |                                                                                                  |         |
|-----------------------|--------------------------------------------------------------------------------------------------|---------|
| Mr. Yu Yong (余勇)      | Building 2<br>No. 66, Yanhedong South Lane<br>Bishan County<br>Chongqing, PRC                    | Chinese |
| Mr. Han Chong (韓翀)    | Jinke Langqiaoshuian<br>Haier Road<br>Jiangbei District<br>Chongqing, PRC                        | Chinese |
| Ms. Ren Wenjuan (任文娟) | Building 1<br>Tianshi Huayuan<br>No. 78, Cuibai Road<br>Dadukou, Main District<br>Chongqing, PRC | Chinese |

For further information regarding our Directors and Supervisors, please see “Directors, Supervisors and Senior Management” of this prospectus.

**OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING**

**Joint Sponsors**

**CLSA Capital Markets Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

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

62/F, The Center  
99 Queen's Road Central  
Hong Kong

**JGC Representatives**

**CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

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

62/F, The Center  
99 Queen's Road Central  
Hong Kong

**Joint Global Coordinators**

**CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

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

62/F, The Center  
99 Queen's Road Central  
Hong Kong

**China International Capital Corporation  
Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**Joint Bookrunners**

**Citigroup Global Markets Asia Limited**

50/F, Champion Tower  
3 Garden Road  
Central  
Hong Kong

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

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

**ICBC International Capital Limited**

37/F ICBC Tower  
3 Garden Road  
Hong Kong

**CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

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

62/F, The Center  
99 Queen's Road Central  
Hong Kong

**China International Capital Corporation  
Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**Citigroup Global Markets Asia Limited**

(in relation to the Hong Kong Public  
Offering)  
50/F, Champion Tower  
3 Garden Road  
Central  
Hong Kong

**Citigroup Global Markets Limited** (in relation to the International Offering)  
33 Canada Square, Canary Wharf  
London E14 5LB  
United Kingdom

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

**ICBC International Capital Limited**  
37/F ICBC Tower  
3 Garden Road  
Hong Kong

**BOCI Asia Limited**  
26th Floor  
Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

**China Merchants Securities (HK) Co., Limited**  
48/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

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

**Guosen Securities (HK) Capital Company Limited**  
Suites 3207-3212  
Level 32, One Pacific Place  
88 Queensway  
Hong Kong

|                            |                                                                                                                                                                                   |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | <p><b>Haitong International Securities Company Limited</b><br/>22/F<br/>Li Po Chun Chambers<br/>189 Des Voeux Road Central<br/>Hong Kong</p>                                      |
|                            | <p><b>Shenwan Hongyuan Securities (H.K.) Limited</b><br/>Level 19<br/>28 Hennessy Road<br/>Hong Kong</p>                                                                          |
| <b>Joint Lead Managers</b> | <p><b>CLSA Limited</b><br/>18/F, One Pacific Place<br/>88 Queensway<br/>Hong Kong</p>                                                                                             |
|                            | <p><b>Huatai Financial Holdings (Hong Kong) Limited</b><br/>62/F, The Center<br/>99 Queen's Road Central<br/>Hong Kong</p>                                                        |
|                            | <p><b>China International Capital Corporation Hong Kong Securities Limited</b><br/>29/F, One International Finance Centre<br/>1 Harbour View Street<br/>Central<br/>Hong Kong</p> |
|                            | <p><b>Citigroup Global Markets Asia Limited</b><br/>(in relation to the Hong Kong Public Offering)<br/>50/F, Champion Tower<br/>3 Garden Road<br/>Central<br/>Hong Kong</p>       |
|                            | <p><b>Citigroup Global Markets Limited</b><br/>(in relation to the International Offering)<br/>33 Canada Square, Canary Wharf<br/>London E14 5LB<br/>United Kingdom</p>           |

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

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

**ICBC International Securities Limited**

37/F ICBC Tower  
3 Garden Road  
Hong Kong

**BOCI Asia Limited**

26th Floor  
Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

**China Merchants Securities (HK) Co., Limited**

48/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Essence International Securities (Hong Kong) Limited**

39/F, One Exchange Square  
Central  
Hong Kong

**Guosen Securities (HK) Capital Company Limited**

Suites 3207-3212  
Level 32, One Pacific Place  
88 Queensway  
Hong Kong

**Haitong International Securities Company Limited**

22/F  
Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

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

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|                                                                  |                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                  | <b>Shenwan Hongyuan Securities (H.K.) Limited</b><br>Level 19<br>28 Hennessy Road<br>Hong Kong                                                                                                                                                                                                    |
| <b>Legal advisers to our Company</b>                             | <i>As to Hong Kong law:</i><br><b>Sidley Austin</b><br>Level 39, Two International Finance Centre<br>8 Finance Street<br>Central<br>Hong Kong<br><br><i>as to PRC laws:</i><br><b>Guantao Law Firm</b><br>18/F, Tower B, Xincheng Plaza<br>5 Finance Street<br>Xicheng District<br>Beijing<br>PRC |
| <b>Legal advisers to the Joint Sponsors and the Underwriters</b> | <i>as to Hong Kong law:</i><br><b>Morrison &amp; Foerster</b><br>33/F, Edinburgh Tower<br>15 Queen's Road Central<br>Central<br>Hong Kong<br><br><i>as to PRC laws:</i><br><b>Deheng Law Offices</b><br>12/F Tower B, Focus Place<br>19 Finance Street<br>Xicheng District<br>Beijing<br>PRC      |
| <b>Auditor and reporting accountant</b>                          | <b>PricewaterhouseCoopers</b><br><b>Certified Public Accountants</b><br><i>Registered Public Interest Entity Auditor</i><br>22/F, Prince's Building<br>Central<br>Hong Kong                                                                                                                       |



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

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**Compliance adviser****Guotai Junan Capital Limited**

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

**Industry consultant****China Index Academy**

Tower A  
No. 20 Guogongzhuang Middle Street  
Fengtai District  
Beijing  
PRC

**Receiving bank****Industrial and Commercial Bank of  
China (Asia) Limited**

33/F, ICBC Tower,  
3 Garden Road,  
Central  
Hong Kong

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## CORPORATE INFORMATION

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|                                                 |                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Headquarters in the PRC</b>                  | Building A4, East Zone<br>Jinke Shiniancheng<br>No. 480, Panxi Road<br>Shimahe Street<br>Jiangbei District<br>Chongqing, PRC                                                                                                                                                                                          |
| <b>Registered office in the PRC</b>             | Jinke Huayuan<br>Wuhuang Road<br>Wulidian Street<br>Jiangbei District<br>Chongqing, PRC                                                                                                                                                                                                                               |
| <b>Principal place of business in Hong Kong</b> | 40th Floor<br>Sunlight Tower<br>248 Queen's Road East<br>Wanchai<br>Hong Kong                                                                                                                                                                                                                                         |
| <b>Company's website address</b>                | <u><a href="http://www.jkpsec.cn">www.jkpsec.cn</a></u><br><i>(information on this website does not form part of this prospectus)</i>                                                                                                                                                                                 |
| <b>Joint company secretaries</b>                | Mr. Xu Guofu (徐國富)<br>No. 296<br>Jinkai West Lane<br>Yubei District<br>Chongqing, PRC<br><br>Mr. Lau Kwok Yin (劉國賢)<br>(a member of the Hong Kong Institute of<br>Certified Public Accountants and<br>a Chartered Financial Analyst)<br>40th Floor<br>Sunlight Tower<br>248 Queen's Road East<br>Wanchai<br>Hong Kong |

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## CORPORATE INFORMATION

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### Authorized representatives

Mr. Xu Guofu (徐國富)

No. 296

Jinkai West Lane

Yubei District

Chongqing, PRC

Mr. Lau Kwok Yin (劉國賢)

40th Floor

Sunlight Tower 248 Queen's Road East

Wanchai

Hong Kong

### Audit committee

Mr. Chan Chi Fung Leo (陳志峰)

(Chairman)

Mr. Liang Zhongtai (梁忠太)

Mr. Cao Guohua (曹國華)

### Remuneration committee

Ms. Yuan Lin (袁林) (Chairlady)

Mr. Luo Licheng (羅利成)

Mr. Cao Guohua (曹國華)

### Nomination committee

Mr. Xia Shaofei (夏紹飛) (Chairman)

Ms. Yuan Lin (袁林)

Mr. Cao Guohua (曹國華)

### H Share Registrar

**Tricor Investor Services Limited**

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

### Principal banks

**Industrial and Commercial Bank  
of China, Chongqing Longhu Branch**

Unit 1-1, Building 2

Shiji Huayuan

Xinpaifang First Road

Longxi Street

Yubei District

Chongqing, PRC

**China Merchants Bank,  
Chongqing Branch,**

**Jinke Shierfang Sub-branch**

No. 225, East Huangshan Avenue

New North Zone

Yubei District

Chongqing, PRC

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## INDUSTRY OVERVIEW

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*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 Joint Sponsors, the JGC Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of its directors, officers, affiliates, advisors or representatives, or any other party (other than CIA) involved in the Global Offering. We, the Joint Sponsors, the JGC Representatives, the Joint Global Coordinators, the Underwriters, any of its directors, officers, affiliates, advisors or representatives, and any other party (other than CIA) involved in the Global Offering make no representation as to the completeness, accuracy or fairness of such information and accordingly such information should not be unduly relied upon.*

### BACKGROUND AND METHODOLOGIES OF CIA

We purchased the right to use and quote various data from publications of CIA at a total cost of RMB800,000. CIA is an independent research institute who has extensive experiences researching and tracking the PRC property management industry, and has conducted research on the top 100 property management companies in the PRC, or Top 100 Property Management Companies since 2008. In conducting its research, CIA primarily evaluates property management companies that have managed at least ten properties or have an aggregate GFA of 500,000 sq.m. or more in the previous three years. CIA uses research parameters and assumptions and gathers data from multiple primary and secondary sources, including (i) published statistics, websites and marketing materials of property management companies; (ii) surveys and data from the China Real Estate Index System and the China Real Estate Statistics Yearbooks; (iii) public data from governmental authorities; and (iv) data gathered previously for the property management companies. In addition, since 2008, CIA has published the ranking of China's Top 100 Property Management Companies in terms of overall strength, primarily by evaluating data from the previous year in relation to management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration. In determining such rankings, CIA may assign the same ranking to multiple companies with the same or very close scores, and therefore it is possible that more than 100 companies may be classified as being among the Top 100 Property Management Companies in the industry. CIA may, upon specific request, prepare further rankings within the Top 100 Property Management Companies for certain indices. CIA also assesses the growth potential of property management companies primarily in terms of growth rate of revenue, growth rate of total GFA under management, contracted but undelivered GFA, the total number of employees and employee composition. Data analysis in this section includes data and information on the Top 100 Property Management Companies as ranked by CIA. We requested CIA to assess us for the Top 100 Property Management Companies based on CAGRs for GFA under management, number of properties under management and revenue from 2015 to 2019 for the purpose of the Global Offering.

In preparing the CIA Report, CIA assumed that: (i) the social, economic and political conditions in China and the world will remain stable during the forecast period; (ii) government policies on the property management industry in China will remain unchanged during the forecast period; (iii) all published data by the relevant statistics bureaus are accurate; and (iv) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate.

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## INDUSTRY OVERVIEW

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

### THE PRC PROPERTY MANAGEMENT INDUSTRY

#### Overview of the Property Management Industry

The PRC property management industry is intensely competitive and highly fragmented. The history of the PRC property management industry could be traced back to the early 1980s with the establishment of the first property management company in Shenzhen, Guangdong province. Since then, the PRC Government has sought to construct and update a regulatory framework for the PRC property management industry in parallel with its growth. The PRC Government promulgated an increasing number of regulations over the years, with the aim to establish an open market system for the property management industry that served to promote its rapid growth and standardized operation. PRC property management companies now provide services in relation to a wide range of properties including residential properties, commercial properties, office buildings, public properties, industrial parks, schools and hospitals, among others.

With the adoption of advance technologies, such as cloud application, e-commerce, Internet of Things, big data and artificial intelligence, the property management companies are gradually replacing labor with smart management system in business operations. The PRC Government has also promulgated a series of favorable policies supporting the development and modernization of property management industry. In addition, property management companies have gained wider access to the capital market for equity and/or debt financing in recent years, following the listings of property management companies. Driven by the technology development, governmental support and capital market activities, the property management industry is expected to maintain rapid growth.

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

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

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

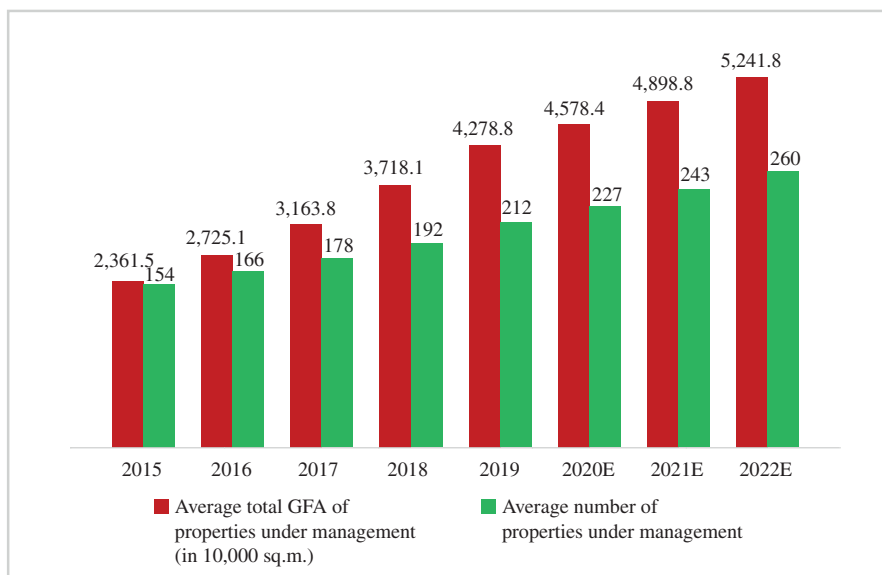
#### Overview of the Top 100 Property Management Companies

In recent years, following rapid urbanization and continuous growth in per capita disposable income, the GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly. The average total GFA under management by the Top 100 Property Management Companies increased from approximately 23.6 million sq.m. in 2015 to approximately 42.8 million sq.m. in 2019, representing a CAGR of approximately 16.0%. The average number of properties managed by the Top 100 Property Management Companies increased from 154 as of December 31, 2015 to 212 as of December

## INDUSTRY OVERVIEW

31, 2019, representing a CAGR of approximately 8.3%. The following chart sets forth the rise in average GFA under management and average number of properties for the Top 100 Property Management Companies in the years indicated:

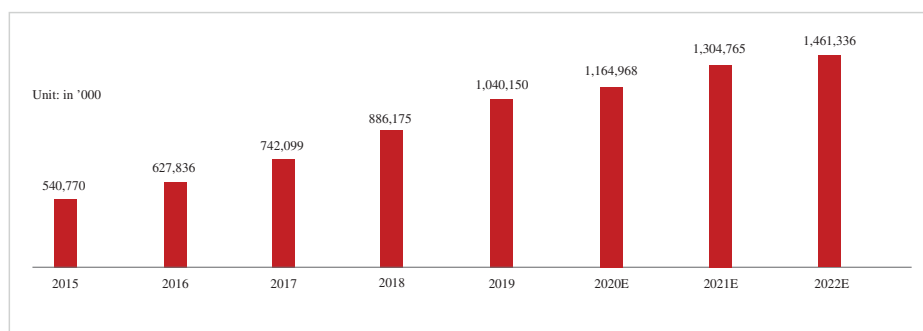
**Average GFA under Management and Average Number of Properties for the Top 100 Property Management Companies, 2015-2022E**



Source: CIA

As a result of the growth in GFA and number of properties under management, the average revenue of the Top 100 Property Management Companies increased from approximately RMB540.8 million in 2015 to approximately RMB1,040.2 million in 2019, representing a CAGR of approximately 17.8%. According to CIA, the Top 100 Property Management Companies have expanded their presence in the PRC, from the average number of cities in which the Top 100 Property Management Companies had operations increased from 27 as of December 31, 2015 to 31 as of December 31, 2019. The following chart sets forth the rise in average revenue of the Top 100 Property Management Companies in the years indicated.

**Average Revenue of the Top 100 Property Management Companies, 2015-2022E**



Source: CIA

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## INDUSTRY OVERVIEW

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### GROWTH DRIVERS OF PRC PROPERTY MANAGEMENT INDUSTRY

#### Growth in the PRC Economy, Per Capita Disposable Income and Urbanization Rate

China's economy has experienced steady growth from 2014 to 2019, demonstrated by the increase of nominal GDP from RMB64,356 billion in 2014 to RMB99,087 billion in 2019, representing a compound annual growth rate (CAGR) of 9.0%. During the same period, per capita disposable income of urban residents in China increased from RMB28,844 in 2014 to RMB42,359 in 2019, representing a CAGR of 8.0%, which indicates a significant increase of purchasing power of urban residents in China that has, in turn, led to a growing demand for property upgrades. China's urbanization rate continue to rise with support of favorable policies such as the New National Urbanization Plan (2014-2020) (《國家新型城鎮化規劃(2014-2020)》).

In line with steady growth of macro-economy and per capita disposable income of urban residents, the PRC real estate industry maintained stable growth. The overall investment in real estate industry increased from RMB9,503.6 billion in 2014 to RMB13,219.4 billion in 2019, representing a CAGR of 6.8%. The total properties sold increased from RMB7,629.2 billion in 2014 to RMB15,972.5 billion in 2019, representing a CAGR of 15.9%.

Further, the urbanization rate (being the projected average rate of change of the size of the urban population over the given period of time) in China increased from 33.4% as of December 31, 1998 to 60.6% as of December 31, 2019. The growing urbanization produce a high demand for property management service and the PRC property management industry is expected to continue to grow in tandem with a rising level of urbanization of the country. Moreover, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population, which increased from RMB28,844 per annum as of December 31, 2014 to RMB42,359 per annum as of December 31, 2019, representing a CAGR of 8.0%. We expect that, backed with increasing per capita disposable income, the consumers will be increasingly sophisticated and willing to pay premiums for quality services and have more discretions on spending in goods and services beyond basic necessity.

#### Increased Demand in Quality Property Management Service

According to the CIA, China's significant growth in urbanization and per capita disposable income has been the principal driver for the growth of the property management industry. Chinese consumers increasingly demand better living conditions and quality property management services, which is another underlying reason for the growth of the PRC property management industry. In addition, we believe the emerging middle-to high-income class in the PRC and their growing spending power will have a significant influence on the development of mid-to high-end property management services in the PRC through their demand for more quality products and services.

Driven by customer demand and intense competition, property management companies have invested to improve their service quality and paid more attention to their customers' demands. The Top 100 Property Management Companies have responded to this trend by, among other steps optimizing their traditional property management services and upgrading the quality of their services by applying technological solutions. According to the CIA, property management companies with enhanced service quality can charge higher service fee.



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## INDUSTRY OVERVIEW

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### **Favorable Policies for the Property Management Industry**

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

The favorable policies also encourage the development of smart communities. In May 2014, the Ministry of Housing and Urban-rural Development issued Guidance on Smart Community Construction (Trial) (《智慧社區建設指南(試行)》), which recommended the modernization of community management by integrating modern technologies, public resources and commercial services into the management process. We believe that such policies will jointly create a supportive and orderly environment for the development of the property management industry and property management companies. Please see “Regulatory Overview” for more information on laws and regulations related to the property management industry.

The PRC governments have formulated and implemented a number of policies intended to further support and promote the growth of the property management industry. The policies have set forth a regulatory framework under which the property management companies are encourage to, among others, expand their services to keep up with the evolving needs of customers by staying technologically innovative through investment and development in Internet of Things platforms and technology-related services, and continue to broaden the business scope of traditional property management services to improve the living standards of customers. In response to the policies, the property management companies are strategically expanding and diversifying the value-added services to non-property developers and community.

### **New Opportunities in Property Management Services**

In February 2020, the WHO named a highly infectious and novel coronavirus as COVID-19. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. Please see “Risk Factors—Risks Relating to Our Business and Industry—Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business” for more information. While the COVID-19 outbreak may have resulted in certain risks in operations of property management companies, it also presented certain opportunities. In early 2020, to curb the spread of COVID-19, the PRC Government imposed lockdown and various quarantine and travel restriction measures, most of which had been lifted as of the end of April, 2020. Property management companies that are capable to provide quality service and meet the residents’ demands during the COVID-19 outbreak can enhance customer satisfaction and loyalty. In addition, due to the quarantine restrictions, property management companies are encouraged to accelerate the development of mobile applications, internet platforms and smart community technologies to provide online products and services to their residents. Further, driven by the need of community services, old residential communities without a property management company will seek and entrust property management companies to provide necessary community services.

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## INDUSTRY OVERVIEW

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### TRENDS IN THE PRC PROPERTY MANAGEMENT INDUSTRY

#### Increased Market Concentration and Competition

After decades of development, some of the Top 100 Property Management Companies have accelerated their service innovation and business expansion. In addition, the market continues to become more concentrated, and the players in the PRC property management industry are facing increasingly intense market competition. In the competitive PRC property management industry, large-scale property management companies actively improve their strategic layout and accelerate their expansion in order to increase their respective market shares and achieve better results of operations. Their organic growth, as well as mergers and acquisitions, may expose property management companies to challenges arising from the difficulties in integrating acquired operations with existing businesses. The total GFA under management by the Top 100 Property Management Companies increased from approximately 5.0 billion sq.m. in 2015 to approximately 10.4 billion sq.m. in 2019, representing a CAGR of approximately 20.4%. The aggregate market share of the Top 100 Property Management Companies increased from 28.4% in 2015 to 43.6% in 2019. The aggregate market share of the Top 10 Property Management Companies increased from 7.6% in 2015 to 9.2% in 2019. The chart below sets forth the total GFA under management by property management companies in China, the total GFA managed by the Top 100 Property Management Companies and the aggregate market share of the Top 100 Property Management Companies and the total GFA under management in the years indicated:

**Total GFA under Management and Market Share of the Top 100 Property Management Companies, Total GFA under Management, 2015-2022E**



Source: CIA

#### Increasing Labor and Operation Cost

Property management services market is labor-intensive and labor cost is the largest component of property management services companies' cost of services. The daily operation of property management services, such as security, cleaning, gardening, repair and maintenance services relies heavily on the manual labors. From 2016 to 2019, the labor cost of the Top 100 Property Management Companies accounted for 53.4%, 55.8%, 57.8% and

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## INDUSTRY OVERVIEW

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59.1% of their total cost of sales, respectively. The minimum wage in China is mainly set according to the standards issued by governments at provincial and local levels. In recent years, the minimum wage has increased significantly in various regions, which directly increases the labor costs. In addition, the utility fees such as electricity and water also have increased in the last few years. The lump-sum fee model for property management fees is the dominant fee model in the property management industry in China and according to CIA, the ever-rising labor costs in recent years is a major challenge to the companies in the labor intensive property management industry to maintain sustainable development.

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

Many property management companies have developed diversified business, reduced labor costs and enhanced profitability by leveraging information technologies such as cloud applications, e-commerce, Internet of Things, big data and artificial intelligence. For example, artificial intelligence technologies such as smart entrance pass, smart building management, smart energy management, patrol robots, delivery robots and consultancy robots largely reduced the labor costs of property management companies. In addition, by adopting new technologies and using e-service platforms, property management companies could effectively integrate and allocate resources to provide more diversified community value-added services and further expand their services to common space management, community finance, property agency and housekeeping. As a result, the revenue generated from value-added services increasingly becomes an important source of revenue for property management companies. Moreover, to better control costs and maintain competitiveness, property management companies need to standardize and automate their operations to improve capacity and service quality and to meet diversified customer demands.

### **Increasing Demand for and Shortage of Professional Staff**

With the rapid technology developments, the property management companies need to recruit and retain more qualified professional talents with management and technological skills. Property management companies also increasingly outsource labor-intensive aspects of their operations such as cleaning, landscaping and security to subcontractors while placing greater emphasis on recruiting and training professional and skilled employees to facilitate the implementation of smart management and information technologies, promote innovations to maintain their leading market positions and improve the level of property owner's satisfaction.

The property management industry also faces challenges such as difficulty with recruiting competent professional staff, while at the same time property management industry lacks well trained staff to provide quality services and expand business development. Should the property management companies fail to recruit competent professional staff, the business development of properties management companies may be adversely affected.

### **Increasing Standardization of Services**

Standardization allows property management companies to improve their service quality, and is the foundation for the sustainable expansion of business operations across regions. The PRC Government has issued Guidelines for Accelerating the Development of Consumer Services and Promoting the Upgrading of Consumption Structure (關於加快發展生活性服務業促進消費結構升級的指導意見). According to CIA, such policy is to introduce the idea of standardizing the quality of property management services. Many of the Top 100 Property Management Companies in China have established internal standardized operating procedures to guide their provision of services. Information technology has played an increasingly important role in property management services in recent years. Property management companies use information technology to implement technological solutions for automating key business operations. Technological solutions minimize human error and allow property management companies to consistently apply their standardized procedures and quality

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## INDUSTRY OVERVIEW

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standards. In turn, this reduces their reliance on manual labor and therefore the costs involved in hiring employees and sub-contractors as well. Furthermore, centralized information technology enables property management companies to monitor the administrative and financial business operations of their branches, subsidiaries and offices, as well as ensure that they are consistently applying their policies, procedures and quality standards.

### **Increasing Support from Capital Markets**

The development of capital markets continues to intensify. A number of property management companies participate in capital markets to expand their financing channels. As of June 9, 2020, there were 24 property management companies listed on the Stock Exchange, one property management company listed on the Shanghai Stock Exchange (上海證券交易所上市), two property management companies listed on the Shenzhen Stock Exchange (深圳證券交易所上市) and 39 property management companies listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統). By doing so, such listed property management companies are able to increase investment in technology innovation, build up intelligent platforms, strengthen the cooperation with other property management companies, improve service quality and increase operational efficiency. In addition, diversified capital sources enable the property management companies to accelerate selective and strategic mergers and acquisitions, and to further expand the scale of business.

### **New Opportunities in Diversified Services and Revenue Sources**

In response to the general demand for diversified and high-quality property management services, a growing number of property management companies have been improving the quality of existing services and providing diversified services. Such demands, coupled with the increasing operational pressure driven by cost increases for property management companies, have required property management companies to adjust their traditional business model in order to remain profitable and competitive by consolidating their resources and transforming their operations to achieve sustainable profitability growth. These property management companies have been expanding scope of services by effectively utilizing the possibilities of the internet and information technology, offering value-added services to their customers. According to CIA, there is vast market potential for community value-added services as they cater to the needs of property owners and residents.

## **COMPETITION**

### **Competitive Landscape**

According to CIA, the PRC property management industry is fragmented and competitive, with approximately 130,000 property management service providers operating in the industry in 2019. The property management market in China is becoming increasingly concentrated. Our property management services primarily compete against both national and regional property management companies. According to CIA, the market share of the Top 100 Property Management Companies was approximately 43.6% in terms of GFA under management in 2019.

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

## INDUSTRY OVERVIEW

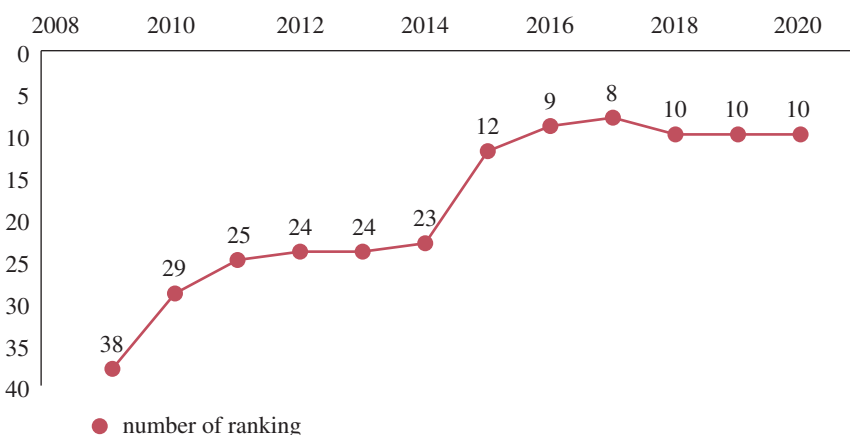
### Our Competitive Position

According to CIA, we were recognized as one of the Top 100 Property Management Companies since 2008 and ranked as one of the Top 10 Property Management Companies for five consecutive years since 2016. According to CIA, in 2020, we were ranked 10th among the 2020 Top 100 Property Management Companies in terms of overall strengths.<sup>(1)</sup> The chart below sets forth the improvement of our ranking among the 2009-2020 Top 100 Property Management Companies:

*Note:*

- (1) Each year, CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strength. CIA prepare such ranking by assessing the relevant key factors of each company including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Please see “Industry Overview—Background and Methodologies of CIA” for more details.

**Our Ranking among the Top 100 Property Management Companies, 2009-2020**



*Source: CIA*

According to the CIA, we were ranked the first among the Top 100 Property Management Companies in China in 2020 in terms of market share<sup>(1)</sup> in the Southwestern China Region based on GFA under management in the region.

### Ranking Information of Top 100 Property Management Companies in 2020 in Terms of Market Share<sup>(1)</sup> in the Southwestern China Region

| Ranking | Name                     | Total GFA Under Management in the Southwestern China Region | Market Share      |
|---------|--------------------------|-------------------------------------------------------------|-------------------|
|         |                          | (in million sq.m.)                                          |                   |
| 1       | Our Company              | 61.7                                                        | 1.95              |
| 2       | Company A <sup>(2)</sup> | Approximately 47.0                                          | Approximately 1.5 |
| 3       | Company B <sup>(3)</sup> | Over 45.0                                                   | Approximately 1.4 |

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## INDUSTRY OVERVIEW

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*Source: CIA*

*Note:*

- (1) Market share is calculated by CIA by the GFA under management by the relevant company in the region by the total GFA under management by property management companies in the region based on the data for 2019.
- (2) Company A is a subsidiary of a real estate property developer listed on the Stock Exchange, with business presence in approximately 118 cities in the PRC as of December 31, 2019.
- (3) Company B is a property management service provider listed on the Stock Exchange, with business presence in approximately 69 cities in the PRC as of December 31, 2019.

### Entry Barriers

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

- *Brand.* The Top 100 Property Management Companies, including ourselves, have built up their brand reputation through decades of services and operations. In contrast, new participants, without any established brand or cultivated business relationship with industry participants, face increasing difficulty in penetrating the market.
- *Capital requirement.* Capital investment is required as the property management companies adopt automation and intelligent technologies to improve their management efficiency through equipment purchase, smart community management and information technology system. Capital availability possesses high barriers to new participants with limited financing ability.
- *Quality of management:* According to CIA, the expertise and experience of management teams may significantly contribute to the competitiveness of property management companies. Property management companies now have to seamlessly implement technological solutions, management systems, service quality standards and internal policies and procedures across networks of subsidiaries, branches and offices.
- *Availability of talent and technical expertizes:* Property management depends on manual labor, not only for the performance of property management services but also for implementing and innovating technological solutions. It is increasingly difficult for property management companies to recruit and retain talented individuals who are up to date with the technological advances in the industry. New market entrants may find it difficult to compete against larger property management companies with better brand value and recognition for talent.



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## REGULATORY OVERVIEW

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Our business activities are primarily conducted in the PRC. We are therefore required to comply with a number of the PRC laws and regulations to carry out our operating activities. This section sets out a summary of the main laws and regulations applicable to our business in the PRC.

### LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

#### Regulations on Foreign Investment Access

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

In accordance with the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》) jointly issued by the National Development and Reform Commission of the PRC (the “NDRC”) and the MOFCOM on June 23, 2020 and will take effect on July 23, 2020 (the “**Negative List**”), the property management industry is an industry that allows foreign investors to make investments.

#### Qualification of Property Management Companies

In accordance with the Regulations on Property Management (Amended in 2018) (《物業管理條例》(2018年修訂)) (issued by the State Council on June 8, 2003, taking effect on September 1, 2003 and amended on August 26, 2007, February 6, 2016 and March 19, 2018) (“**Regulations on Property Management**”), the qualification system for companies engaging in property management activities has been abolished. Pursuant to these regulations, companies engaged in property management activities shall have independent legal person capacity.

In accordance with the Measures for the Administration on Qualifications of Property Management Companies (《物業服務企業資質管理辦法》) (formerly known as 《物業管理企業資質管理辦法》), issued by the Ministry of Construction on March 17, 2004, taking effect on May 1, 2004; amended on November 26, 2007 and May 4, 2015; abolished by the Ministry of Housing and Urban-Rural Development on March 8, 2018), property management companies shall be classified into Level 1, Level 2 and Level 3 by qualifications based on relevant specific conditions.

In accordance with the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), which was promulgated by the State Council on January 12, 2017 and came into effect on the



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same day, the examination and approval of Level 2 and Level 3 qualifications of property management companies were canceled. According to the Decision of the State Council on Canceling a Batch 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 and came into effect on the same day, the examination and approval of Level 1 qualification of property management companies was canceled.

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

### **Appointment of Property Management Companies**

In accordance with the Civil Law of the PRC (《中華人民共和國民法典》, the Civil Law) issued by the NPC on May 28, 2020 and will come into effect on January 1, 2021, to appoint or dismiss a property management companies should be codetermined by property owners in a property management area. Property owners can either manage the buildings and ancillary facilities by themselves, or engage a property management companies or other management personnel to manage the buildings and ancillary facilities. Property owners are entitled to change property management companies or other management managers appointed by the property developer.

In accordance with the Property Law of the PRC (《中華人民共和國物權法》) (issued by the NPC on March 16, 2007 and taking effect on October 1, 2007 and will be suspended by the Civil Law), property owners can either manage the buildings and ancillary facilities by themselves, or engage a property management companies or other management personnel to manage the buildings and ancillary facilities. As regards the property management companies or any other management personnel hired by the developer, property owners are entitled to alter it in accordance with law. Property management companies or other management personnel shall manage the buildings and ancillary facilities within the area of the building as entrusted by the property owners, and shall be subject to the supervision by them.

In accordance with the Regulations on Property Management (《物業管理條例》), a general meeting of the property owners of a community can engage or dismiss the property management companies with affirmative votes of owners who own exclusive area accounting for more than half of the total GFA of the community and who account for more than half of the total number of the property owners. Property owners' committee, on behalf of the property owners, can sign property management contract with property management companies engaged

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at the general meeting. Where a developer selects and engages any property management companies before it is selected by owners and their general meeting, such developer shall conclude a written preliminary property management contract with the property management companies.

The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' committee and the property management companies comes into force within the term of the preliminary property management contract, the preliminary property management contract automatically terminates.

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

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

The Interpretation of the Supreme People's Court on Several Issues Concerning the Specific Application of Law in the Trial of Cases of Disputes over Property Management Service (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (issued by the Supreme People's Court on May 15, 2009 and taking effect on October 1, 2009) stipulates the judicial interpretation principles applied by the court when hearing relevant disputes between property owners and property management companies. The preliminary property management contract signed in accordance with the relevant laws and regulations by the developer and the property management companies, and the property management contract signed by the property owners' committee and property management companies hired in accordance with the relevant laws and regulations by the property owners' general meeting are

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legally binding on property owners. Where the property owners raise a defense that they are not parties to the contract, the court shall not support such defense. Where a property owners' committee or a property owner brings a lawsuit at the court claiming invalidity of such clauses in a property management contract that exclude the property management companies' liabilities, or increase the property owners' committee or property owner's liabilities, or exclude the property owners' committee or property owners' substantial rights, the court shall support such claim.

### **Fees Charged by Property Management Companies**

In accordance with the Measures on the Charges for Property Management Services (《物業服務收費管理辦法》) (jointly issued by the NDRC and the Ministry of Construction on November 13, 2003 and taking effect on January 1, 2004) (“**Measures on the Charges**”), property management companies are allowed to charge fees from property owners for repairing, maintaining and managing the houses and supporting facilities, equipment and relevant sites and maintain the sanitation and order in relevant regions in accordance with related property management contracts.

Property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the nature and characteristics of different properties and be priced under the government's guidance or on market basis respectively. The specific method of pricing shall be determined by competent price administration departments under province level government, in concert with the competent departments of real estate administration.

As agreed between the property owners and property management companies, the fees for the property management services can be charged either on a lump-sum basis or a commission basis. Fees on a lump-sum basis means the property owners pay the property management companies a fixed amount of property management fees, and the property management companies enjoys the profits and assumes the losses at its own risk. Fees on a commission basis means an agreed percentage or amount of the property management fees collected by the property management companies in advance is a commission paid to the property management companies, while the rest of such fees is exclusively used for expenses agreed in the property management contract, and the property owners enjoy the surplus or assume the shortage.

The fees charged by property management companies shall be determined with references to the government guidance price or market price, which is based on the nature and features of relevant properties to which the property management services are provided. In accordance with the Circular of NDRC on the Opinions for Decontrolling the Prices of Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》), which became effective on December 17, 2014, the other relevant PRC regulations, the government guidance prices shall be determined by the competent price administration departments jointly with the competent property administration departments of the local government of provinces, autonomous regions and municipalities.

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According to the Measures on the Charges and the relevant local regulations, where property service charges are priced under the government guidance, the competent price government department together with the competent real estate department shall set the benchmark prices and the range of variations depending on such factors as (i) the specific property type, which may include higher-level apartment buildings with elevators and lower-level apartment building without elevators, (ii) service scope, which may specify different types of services, such as landscaping, repair and maintenance for common areas and elevator maintenance, and (iii) the grading criteria of property service charges, and publish these prices and the range of variations at regular intervals.

In accordance with the Regulations on Property Management Fees with Clear Price Tag (《物業服務收費明碼標價規定》), which was promulgated jointly by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004, property management companies, during their provision of services to the property owners (inclusive of the property service as stipulated in the property management contract as well as other services (other than agreed in the property management contract) entrusted by property owners), shall charge service fees at expressly marked prices, and display their service items, pricing standards and other related contents. In case there's any change to the pricing standard, the property management companies shall adjust the related contents displayed and indicate the execution date of new standards at least one month prior to the implementation of the new standards.

In accordance with the Property Management Pricing Cost Supervision and Examination Approaches (Trial) (《物業服務定價成本監審辦法(試行)》) (jointly issued by the NDRC and the Ministry of Construction on September 10, 2007 and taking effect on October 1, 2007), the government's pricing authorities shall, when formulating or adjusting the charging standards for property management services that are subject to the government guidance prices, carry out the costs supervision and examination on relevant property management companies. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance of public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners. According to the Measures on Government Pricing Cost Supervision and Examination (《政府制定價格成本監審辦法》) (issued by the NDRC on October 30, 2017 and taking effect on January 1, 2018), if the pricing authority implements cost supervision and examination, the relevant business operators shall be informed in writing. The operator shall be obliged to provide the information required for the relevant goods or services cost supervision and examination after receiving the notice, and shall be responsible for the truth, validity or completeness of the relevant information.

In accordance with the Measures on the Charges for Property Management Services of Chongqing (《重慶市物業服務收費管理辦法》) (issued by General Office of Chongqing Municipal People's Government on March 9, 2015 and taking effect on May 1, 2015) as well as Notice of Chongqing Administration of Land, Resources and Housing and Chongqing Pricing Bureau on fully execution and Implementation of Measures on the Charges for Property

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Management Services of Chongqing (《重慶市國土房管局、重慶市物價局關於全面貫徹執行<重慶市物業服務收費管理辦法>的通知》) (issued on April 17, 2017 and taking effect on the same day), in the main urban area of Chongqing, the government guidance prices are divided into four levels, the service and quality are different. Concretely speaking, the level are determined by five aspects, including (i) Basic demand, including service procedure, (ii) Maintenance of public area, (iii) Maintenance of public order, (iv) Cleaning and (v) Maintenance of green plants. Higher level shall have stricter standard than that of lower. In residential property area with elevators, the standard prices of level 1,2,3 and 4 are RMB1.0 per month sq.m., RMB1.3 per month sq.m., RMB1.6 per month sq.m., 1.9 RMB per month sq.m.. In residential property area without elevators, the standard prices of level 1,2,3 and 4 are RMB0.6 per month sq.m., RMB0.85 per month sq.m., RMB1.1 per month sq.m., RMB1.35 per month sq.m.. For residential district larger than 40,000 sq.m., price-float range between levels is 15%.

### Property Management Service Outsourcing

In accordance with the Regulations on Property Management, a property management companies may outsource a specific service within the property management area to a specialized service companies, but it shall not outsource all the property management business within such area to third parties.

## REGULATION ON OUR OTHER BUSINESSES

### Real Estate Brokerage Business

In accordance with the Administrative Measures on Real Estate Brokerage (《房地產經紀管理辦法》) (issued by the MOHURD, NDRC and MOHRSS on January 20, 2011, taking effect on April 1, 2011 and amended on March 1, 2016), a real estate brokerage entity or its branch shall, within 30 days upon receipt of a business license, go through the filing formalities with the competent construction (real estate) authority. The real estate brokerage services shall be subject to a expressly marked price system. A real estate brokerage entity shall abide by the pricing laws and regulations and display its real estate brokerage service items, service details, fee rates and prices of relevant properties and other information at an eye-catching place in its premises. In accordance with the Decontrolling Service Price Opinions, price control on real estate brokerage services has been canceled since December 17, 2014.

### Internet-based Information Service

In accordance with Administrative Measures on Internet-based Information Services (《互聯網信息服務管理辦法(2011修訂)》) (issued by State Council on September 25, 2000, taking effect on the same day and amended on January 8, 2011), Internet-based information services are divided into services of a commercial nature and services of a non-commercial nature. Commercial internet-based information services refer to compensatory services which

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provide information to or create web pages for online users through the Internet. Non-commercial internet-based information services refer to non-compensatory services which supply, through the Internet, to online users information which is open to and shared by the general public.

The State shall implement a license system for internet-based information services of a commercial nature, and implement a filing-for-record system for internet-based information services of a non-commercial nature. A non-commercial internet-based information services provider shall not engage in compensatory services. An internet-based information service provider who intends to alter its service items, address of web site or other matters, shall complete formalities for alteration 30 days in advance, with the original examination and verification organ and the license issuing organ or the filing-for-record organ.

Whoever engages in internet-based information services of a commercial nature without having obtained an operation license or provides services outside the licensed scope, shall be ordered by the administrative organ in charge of telecommunications in the relevant province, autonomous region or directly administered municipality to rectify the situation within a set time limit; where illegal gains are made, such gains shall be confiscated, and a fine of more than 300 per cent and less than 500 per cent of the amount of the illegal gains shall be imposed; where there are no illegal gains or the amount of illegal gains is less than RMB50,000, a fine of more than RMB100,000 and less than RMB1 million shall be imposed; where the circumstances are serious, the web sites shall be ordered to close.

### **Online Mobile APP Service**

In accordance with Regulations for the Administration of Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (issued by the Cyberspace Administration of China on June 28, 2016 and taking effect on August 1, 2016), relevant qualifications shall be obtained according to laws and regulations for information services provided through Apps, App providers and online App store service providers shall not use Apps to engage in activities which endanger national security, disturb public order or violate others' legitimate rights, and shall not use the Apps to produce, copy, release or circulate information content prohibited by laws and regulations. Cyberspace Administration of China is responsible for the national supervision, regulation and law enforcement work in respect of App information content. Local cyberspace administrations are responsible for local supervision, regulation and law enforcement work in respect of App information content within their respective administrative regions according to their duties.

### **Advertising**

In accordance with Advertising Law of the People's Republic of China (《中華人民共和國廣告法(2018修正)》) (issued by Standing Committee of the National People's Congress on October 27, 1994, taking effect on February 1, 1995, and latest amended on October 26, 2018), Advertisements shall be true and legitimate, and advertisement contents shall be expressed in a healthy form, and shall comply with the requirements of civilized development of socialism



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and promotion of fine traditional Chinese culture. Advertisements shall not contain false or misleading contents, and shall not deceive or mislead consumers. Advertisers, advertising agencies and advertising publishers engaging in advertising activities shall comply with laws and regulations, act with honesty and integrity, and engage in fair competition. The administration for market regulation of county level and above shall be in charge of supervision and administration of advertisements within their administrative region, and the relevant departments of local People's Governments of county level and above shall be responsible for the relevant tasks of administration of advertisements within the scope of their respective duties.

### **Home Decoration Services**

In accordance with Construction Law of the People's Republic of China (《中華人民共和國建築法(2019修訂)》) (issued by Standing Committee of the National People's Congress on November 1, 1997, taking effect on March 1, 1998 and latest amend on April 23, 2019), Construction enterprises, survey units, design units and project supervision units engaging in construction activities shall be classified under different qualification grade based on qualification criteria such as their registered capital, technical professionals, technical equipment owned and track records of completed construction projects, etc. According to Administrative Provisions on the Qualification of Construction Enterprises (建築業企業資質管理規定) latest revised on January 16, 2020 and Notice of the Ministry of Housing and Urban-Rural Development on Promulgation of the Qualification Standards for Enterprises in Construction Industry (住房和城鄉建設部關於印發建築業企業資質標準的通知) latest revised on October 14, 2016, architectural decoration is defined as a kind of the professional contracting services, engaging in which enterprises should acquire qualification in corresponding grades.

### **Commercial Services Of Clearing, Collection and Transport Of Urban Living Garbage**

In accordance with Administrative Measures for Urban Living Garbage (《城市生活垃圾管理辦法》), promulgated on April 28, 2007 and latest revised on May 4, 2015, an enterprise shall obtain a license for the commercial service of clearing, collection and transport of urban living garbage. An enterprise which fails to acquire a license to engage in aforesaid commercial services regarding urban living garbage may be ordered to stop such service and confronted with a fine under RMB30,000.

### **Catering Services**

In accordance with the Food Safety Law of the PRC (Amended in 2018) (《中華人民共和國食品安全法(2018修正)》) (issued by the Standing Committee of the National People's Congress (the "SCNPC"), taking effect on June 1, 2009, and amended on April 24, 2015 and December 29, 2018) and the Administrative Measures for Food Operation Licensing (Amended in 2017) (《食品經營許可管理辦法(2017修正)》) (issued by the China Food and Drug Administration, taking effect on October 1, 2015 and most recently amended on November 17, 2017), food sales and catering business in the PRC are subject to obtaining the food operation



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license in accordance with the laws. The principle of one license for one place shall apply to the licensing for food operation, that is, a food business operator shall obtain a food operation license for each operation site at which it carries out the food business. The food business operators shall meet food safety standards, establish and improve food safety management systems, provide employees with training on food safety knowledge, strengthen food inspections, establish and implement employees health management systems and raw materials control requirements, and be responsible for the safety of the food they sell.

### Traveling Services

According to the Regulations on Travel Agencies (《旅行社條例》) promulgated by the State Council on February 20, 2009 with effect as of May 1, 2009 and latest amended on March 1, 2017, a travel agency should acquire a license from the competent travel administration of the province, autonomous region, centrally-administered municipality or the travel administration of cities with districts authorized by provincial travel administration in which it is domiciled.

## LABOR AND SOCIAL SECURITY RELATED LAWS AND REGULATIONS

In accordance with the Labor Law of the PRC (《中華人民共和國勞動法》) (issued by the SCNPC on July 5, 1994, taking effect on January 1, 1995 and most recently amended on December 29, 2018), employers shall establish and improve their rules and policies in accordance with the law so as to ensure that employees enjoy labor rights and perform their labor obligations.

In accordance with the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (issued by the SCNPC on June 29, 2007, taking effect on January 1, 2008, and amended on December 28, 2012 and came into effect on July 1, 2013) and the Regulations on the Implementation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (issued by the State Council on September 18, 2008 and taking effect on the same day), labor contracts in written form shall be executed to establish labor relationships between employers and employees. The wage paid to employees shall not be lower than the local minimum wage standard and shall be paid to employees on time. Employers are required to provide employees with safe and sanitary work conditions satisfying State rules. Upon reaching an agreement after due negotiation with employees or under other circumstances in line with prescribed conditions, an employer may legally terminate a labor contract and dismiss an employee.

In accordance with the Social Insurance Law of PRC (《中華人民共和國社會保險法》) (issued by the SCNPC on October 28, 2010, taking effect on July 1, 2011, and amended on December 29, 2018), China establishes a social insurance system including basic pension insurance, basic medical insurance, work related injury insurance, unemployment insurance and maternity insurance. An employer shall pay the social insurances for its employees in full and on time in accordance with the prescribed base and ratio, and shall withhold and pay the social insurances that should be assumed by the employees. Employers who failed to promptly

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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.

Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (issued by the State Council on April 3, 1999 and recently amended on March 24, 2019), an employer shall make registration for the housing provident fund contribution with the housing provident fund management center, complete the procedures for establishing housing provident fund accounts for its employees, pay the housing provident fund for its employees in full and on time in accordance with the prescribed base and ratio, and withhold and pay the housing provident fund that should be assumed by the employees. Where, in violation of the provisions of these Regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

## INTELLECTUAL PROPERTY RIGHTS RELATED LAWS AND REGULATIONS

### Trademark

In accordance with the Trademark Law of the PRC (《中華人民共和國商標法》) (issued by the SCNPC on August 23, 1982, taking effect on March 1, 1983, and recently amended on April 23, 2019 and taking effect on November 1, 2019), trademarks approved for registration by the Trademark Office of National Intellectual Property Administration are registered trademarks. Trademark registrants shall enjoy the exclusive right in relation to the trademarks for which they are approved for registration and the goods for which they are approved for use, and shall be protected by law. A trademark registrant may authorize others to use its registered trademark by signing a trademark license contract.

### Domain Name

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) (issued by the Ministry of Industry & Information Technology on August 24, 2017, and taking effect on November 1, 2017), the principle of “first to file” is applied for domain name registration services. A domain name registration agency that provides domain name registration services shall require the applicant to provide the true, accurate and complete information about the domain name holder's identity for the registration purpose. Any organization or individual who believes that the domain name registered or used by others infringes its legitimate rights and interests may apply to the domain name dispute resolution institution for arbitration or file a lawsuit with a people's court in accordance with the law.

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### Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》) (issued by the SCNPC on March 12, 1984, taking effect on April 1, 1985, and amended on September 4, 1992, August 25, 2000 and December 27, 2008), the inventions, utility models and designs can be protected by the patent right. The State Intellectual Property Office is responsible for uniformly accepting and examining patent applications and granting patent rights in accordance with law. The patentee has the exclusive right to its patented product or method. Any entity or individual other than the patentee who wants to implement another person's patent must obtain permission from the patentee unless otherwise provided by law.

### Copyright

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》) (amended in 2010) (issued by the SCNPC on September 7, 1990 and taking effect on June 1, 1991, recently amended on February 26, 2010 and taking effect on April 1, 2010), Chinese citizens, legal persons or other organizations own copyrights to their works, whether published or not. The copyright owner may license others to exercise copyright-related rights, in return of royalties in accordance with the agreement or regulations. Unless otherwise stipulated by law, anyone who uses others' works shall enter into a licensing contract with the copyright owner.

## TAX LAWS AND REGULATIONS

### Income Tax

In accordance with the Law on Corporate Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) (issued by the NPC on March 16, 2007, taking effect on January 1, 2008, and subsequently amended on February 24, 2017 and December 29, 2018, respectively) and the Regulations on Implementation of the Law on Corporate Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (issued by the State Council on December 6, 2007, taking effect on January 1, 2008, and amended on April 23, 2019), taxpayers of corporate income tax include resident enterprises and non-resident enterprises. Resident enterprises refer to the enterprises established according to laws of the PRC in the PRC or established under the laws of foreign countries (regions) with the actual management located in the PRC. Non-resident enterprises refer to the enterprises established under the laws of foreign countries (regions) with the actual management located outside the PRC, which have establishment or place of business in the PRC, or have no establishment or place of business in the PRC but have incomes originating from the PRC.

The general corporate income tax rate is 25%. The non-resident enterprises that have no establishment or place of business in the PRC, or that have establishment or place of business in the PRC but their income is not actually related to such establishment or place of business, shall pay corporate income tax at the reduced rate of 10% for their income originating from the PRC.

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In accordance with the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy (Cai Shui [2011] No. 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (財稅[2011]58號) which went into effect on January 1, 2011, for enterprises in the western PRC engaging in encouraged industries, a 15% preferential income tax rate shall apply. Such preferential tax treatment has been extended to December 31, 2030 by Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No. 23 of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission) (《關於延續西部大開發企業所得稅政策的公告》) (財政部、稅務總局、國家發展改革委公告2020年底23號) which will take effect on January 1, 2021.

Enterprises that are recognized as high-tech enterprises in accordance with the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. The enterprise can re-apply for such recognition as a high-tech enterprise before or after the previous certificate expires.

### **Withholding Tax on Dividends**

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

In accordance with Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81) which was promulgated and became effective on February 20, 2009, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) the fiscal resident of the other contracting party shall be limited to a company; (ii) both the proportion of all ownership interest and the proportion of all voting shares in the Chinese resident company of the fiscal resident of the other contracting party shall meet the prescribed proportions; and (iii) the proportion of capital of the Chinese resident company directly owned by the fiscal resident of the other contracting party shall meet the proportion prescribed in the tax agreement at any time during 12 consecutive months before dividends are obtained.

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## REGULATORY OVERVIEW

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In accordance with the Measures for Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》) (which was issued by the SAT on October 14, 2019, and took effect on January 1, 2020), if non-resident taxpayers consider they are eligible for treatments under the tax treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the tax treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept tax authorities' post-filing administration.

### Value-Added Tax

In accordance with 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》) (issued by the State Council on December 13, 1993, taking effect on January 1, 1994 and recently amended on November 19, 2017), entities and individuals that sell goods or provide services of processing, repair or replacement, or sell services, intangible assets, or real estates or import goods within the territory of China are taxpayers of value-added tax, and shall pay value-added tax in accordance with such regulations.

In accordance with the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the State Administration of Taxation on April 4, 2018, and came into force as at May 1, 2018, the VAT rates shall be adjusted, including for VAT taxable sales originally subject to 17% and 11% shall be adjusted to 16% and 10%, respectively.

According to Announcement of on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019), taxpayers of life services industry whose sales of amount from providing life services account for more than 50% of the total sales amount would be allowed to credit amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable.

According to Announcement of on Clarifying the Additional Value-Added Tax Credit Policy for the Life Service Industry (《關於明確生活性服務業增值稅加計抵減政策的公告》) (Announcement No. 87 [2019] of the Ministry of Finance and the State Taxation Administration) issued by the Ministry of Finance and the State Taxation Administration and became effective on September 30, 2019, taxpayers of life services industry whose sales amount from providing life services account for more than 15% of the total sales amount would be allowed to credit amount of input tax deductible in the current period plus 15% thereof against the amount of taxes payable from October 1, 2019 to December 31, 2021.

### Stamp Duty

In accordance with the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》), which was issued by the State Council on August 6, 1988, came into effect on October 1, 1988, and was amended on January 8, 2011 and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》), which was promulgated by the MOF on September 29, 1988 and came into effect on the same day and revised on November 5, 2004, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws.

### RELATED REGULATIONS

In accordance with the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (issued by the State Council on January 29, 1996, taking effect on April 1, 1996 and amended on August 5, 2008) and the related regulations, no restrictions are imposed on international payments and transfers under the current account. Foreign exchange receipts and payments under the current account, such as goods and service-related foreign exchange transactions and interest and dividend payments, shall be based on true and legitimate transactions and can be processed directly at a bank against authentic and valid transaction documents. Foreign exchange receipts and payments under the capital account, such as direct equity investment and loans, shall comply with the provisions of relevant laws and regulations, and shall go through approval or registration procedures provided that the relevant laws and regulations require such approval or registration by foreign exchange administration departments. The foreign exchange and settlement fund under the capital account shall be used for the purpose approved by the relevant authorities and foreign exchange administration departments.

In accordance with the Circular on the Reform and Standardization of the Management Policy of the 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》) (issued by the SAFE on June 9, 2016, and taking effect on the same day), the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement in accordance with relevant policies, may be conducted at a bank based on the actual operating needs of domestic entities. The discretionary settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The SAFE may adjust the above ratio in due time in accordance with receipt and payment balance and status.

In accordance with the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (issued by the SAFE on October 23, 2019, and taking effect on the same day), foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to law under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.



### OUR HISTORY AND DEVELOPMENT

#### History

We were established in 2000 and have started to provide residential property management services in Chongqing Municipality since then. We have expanded our geographical presence of property management services from Chongqing Municipality to 133 cities in 24 provinces, municipalities and autonomous regions across three major regions as well as other regions in the PRC as of June 30, 2020. With nearly 20 years of dedicated development, we have established a leading position in the property management industry in the PRC. We were recognized by CIA as one of the top ten property management companies among the Top 100 Property Management Companies in China in terms of overall strengths for five consecutive years from 2016 to 2020. We have also established a strong presence in the Southwestern China Region and were ranked the first by CIA among the Top 100 Property Management Companies in the Southwestern China Region in terms of overall strengths for six consecutive years from 2015 to 2020.

To expand our property management services, we commenced our value-added services to Independent Third Parties in 2006 and we began to provide community value-added services in 2013. Since the inception of our business, we have continued to enhance our property management services and developed three standardized service models, including “Golden Butlers System,” “Golden Communities System,” and “Golden Technologies System.” Through the three standardized service systems, we provide diversified services encompassing the value chain of property management to satisfy the multifarious needs of our customers. In addition to our standardized service systems, we also developed “Neighborhood Culture (鄰里文化)” to further improve our service quality, elevate the customer satisfaction rate and enhance our brand value. According to CIA, as of December 31, 2019, our customer satisfaction rate among customers of our residential properties was over 90% for eight consecutive years, which exceeded the industry average during the same years ranging from 70% to 76%.

We have strived to refine our services with advanced technologies and provide technological solutions to our customers. We established a community big data research center in 2016 and a cloud service center in 2018. Leveraging on our technological capabilities, we launched a one-stop online service platform, “Jinke Grande Community APP (金科大社區)”, in 2017 to provide value-added services for our customers. As a result of our continuous technology development, we had 17 patents approved by The State Intellectual Property Office and 15 computer software copyright registered at the Copyright Protection Center of China as of June 30, 2020. We were ranked the third among the “2020 Leading Property Management Enterprise in terms of Technological Capabilities (2020年中國物業科技賦能領先企業)” by CIA in 2020. We have also established comprehensive and intelligent internal operational management systems to optimize the allocation of information and resources and enhance operation efficiency. We also provide various smart living technology solutions to our customers which we believe had further diversified our services and increase our source of revenue.



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### Business Development Milestones

The following events set forth the key milestones in the history of our business development:

| Year        | Events                                                                                                                                                                                                  |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2000        | Our Company (known as Chongqing Jinkeda Property Management Co., Ltd.* (重慶市金科達物業管理有限公司) at the time of establishment) was established and started to provide property management services in Chongqing. |
| 2001        | We were accredited ISO9001:2000 quality management system certification.                                                                                                                                |
| 2006        | We started to provide value-added services to Independent Third Parties.                                                                                                                                |
| 2007        | We expanded our business to Wuxi and Chengdu and started to establish a national footprint.                                                                                                             |
| 2008        | We initiated “Neighborhood Culture (鄰里文化)” to enhance our service quality and elevate our brand image with an aim of building family friendly communities.                                              |
| 2015 – 2020 | We were ranked the first among the Top 100 Property Management Companies in the Southwestern China Region by CIA in terms of overall strengths.                                                         |
| 2016        | We were ranked the ninth out of the Top 100 Property Management Companies in China by CIA in terms of overall strengths.<br><br>We established a community big data research center.                    |
| 2017        | We developed a one-stop online service platform named “Jinke Grande Community APP” (金科大社區) and started to provide services through such platform.                                                       |
| 2018        | We established a cloud service center.                                                                                                                                                                  |

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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| Year | Events                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2020 | <p>We were ranked the second among the “2020 Top 100 China Leading Property Management Companies in terms of Quality Service” (2020中國物業服務百強服務質量領先企業) by CIA.</p> <p>We were ranked the third among the “2020 Leading Property Management Enterprise in Terms of Technological Capabilities (2020中國物業科技賦能領先企業)” by CIA.</p> <p>We were ranked the first by CIA among the Top 100 Property Management Companies in terms of market share in the Southwestern China Region.</p> |

### Our Company

Our Company was established in the PRC as a limited liability company on July 18, 2000 with an initial registered capital of RMB1.1 million which was fully paid up in cash. As of the date of its establishment, our Company was owned as to 72.73% by Chongqing Jinke Industrial (Group) Co., Ltd.\* (重慶市金科實業(集團)有限公司) (formerly known as Chongqing Jinkeda Real Estate Development (Group) Co., Ltd.\* (重慶金科達置業發展(集團)有限責任公司)) (“**Jinke Industrial**”), 18.18% by Chongqing Longrun Economic and Trade Co., Ltd. (重慶隆潤經貿有限公司) (formerly known as Chongqing Jinkeda Real Estate Development Group Hengsheng Trade Co., Ltd.\* (重慶金科達置業發展集團恒盛經貿有限公司)) (“**Chongqing Longrun**”), a company controlled by Jinke Industrial, and 9.09% by Mr. Zhou Yihua (周義華), an Independent Third Party. Jinke Industrial was a limited liability company established in the PRC and controlled by Mr. Huang Hongyun (黃紅雲).

Our Group has been principally engaged in the provision of property management services and other value-added services for residential and non-residential properties in the PRC since its establishment.

On August 26, 2004, Jinke Industrial transferred its 27.27% equity interest in our Company to Chongqing Longrun at a total consideration of RMB300,000, which was determined with reference to the paid-up registered capital of our Company at the time of such transfer. On the same day, the registered capital of our Company was increased from RMB1.1 million to RMB5.1 million through a capital injection by Jinke Industrial in the amount of RMB4.0 million. Upon completion of such transfer and capital injection, our Company became owned as to 88.24% by Jinke Industrial, 9.80% by Chongqing Longrun and 1.96% by Mr. Zhou Yihua.

On November 1, 2007, Chongqing Longrun and Mr. Zhou Yihua transferred their respective 9.80% and 1.96% equity interest in our Company to Jinke Industrial at a consideration of RMB500,000 and RMB100,000, respectively, which was determined after

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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arm's length negotiation with reference to the paid-up registered capital of our Company at the time of such transfers. Upon completion of such transfers, our Company became directly wholly owned by Jinke Industrial.

In May 2011, Jinke Industrial was absorbed and merged into Dongyuan Industrial Development Co., Ltd.\* (東源產業發展股份有限公司) (“**ST Dongyuan**”), a joint stock company listed on the Shenzhen Stock Exchange, and ST Dongyuan subsequently changed its name to Jinke Property. Upon the completion of the merger, Jinke Property became the sole shareholder of our Company.

On February 13, 2014, the registered capital of our Company was increased from RMB5.1 million to RMB50 million through a capital injection by Jinke Property.

In order to incentivize the talents and enhance employees' loyalty, an employee stock ownership plan (formerly known as co-investment management measures) (“**2017 Employee Stock Ownership Plan**”) was approved by Jinke Property in January 2017. To facilitate the implementation of the 2017 Employee Stock Ownership Plan, Hengye Meihao (formerly known as Shihezi Hengye Jintong Equity Investment General Partnership\* (石河子市恒業金通股權投資普通合夥企業)) was established on December 12, 2016. Mr. Xia Shaofei and Mr. Luo Chuansong, our executive Directors and senior management, and other then employees were the general partners of Hengye Meihao under the 2017 Employee Stock Ownership Plan. On April 24, 2017, Jinke Property transferred its 25% equity interest in our Company to Hengye Meihao at a consideration of RMB65.84 million, which was determined with reference to the valuation of our Company of approximately RMB390 million as of September 30, 2016, after deducting the dividend of RMB130 million declared in December 2016 and distributed in July 2017. The valuation of the Company was assessed by an independent valuer, Chongqing Huakang Asset & Land & Real Estate Valuation Co., Ltd.\* (重慶華康資產評估土地房地產估價有限責任公司), using income approach. Such equity transfer did not have any financial impact on our Group during the Track Record Period nor undermined the shareholders' interest given that the consideration was determined with reference to the appraised fair value of our Company and the equity transfer was not classified as a share-based payment transaction. To the best of our Directors' knowledge, information and belief, the consideration was funded by the beneficial owners of Hengye Meihao using their own personal wealth. Upon completion of such transfer, our Company was owned as to 75% by Jinke Property and 25% by Hengye Meihao.

In May 2020, Hengye Meihao was converted into a limited partnership and pursuant to the limited partnership agreement dated June 2, 2020, the general partner of Hengye Meihao was Chongqing Jinhetong Trading Co., Ltd.\* (重慶金合通商貿有限公司) (“**Chongqing Jinhetong**”), and our executive Directors and senior management, namely Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu, and our Supervisors, namely Mr. Yu Yong and Ms. Ren Wenjuan, were among our 137 employees who held partnership interest in Hengye Meihao.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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On April 7, 2020, our Board and Shareholders passed a resolution approving the adoption of the 2020 Employee Stock Ownership Plan. On May 19, 2020, Hengye Meihao entered into equity interest transfer agreements with certain investors. See “—Pre-IPO Investments—The Pre-IPO Investment I” and “—Reorganization—Adoption of the 2020 Employee Stock Ownership Plan” for details. Upon completion of such equity interest transfers, our Company was owned as to 75% by Jinke Property, 11.09% by Hengye Meihao, 3.77% by Ronghui Ruiguang, 1.64% by Huagai Shengyuan, 2.00% by CITIC Securities Investment, 2.00% by Yangguang Xinxing, 0.61% by Jinheng Hongxin and 3.89% by Tianjin Zuoyue (collectively, the “**Promoters**”).

In contemplation of the Listing, on May 28, 2020, our Company was converted from a limited liability company into a joint stock company with limited liability. On June 8, 2020, our Company and the Promoters entered into a capital contribution agreement with Panxin Shanghai, Gaoling Zhicheng and Yangguang Yongsheng. For details, please see “—Pre-IPO Investments—The Pre-IPO Investment II.” On June 10, 2020, our Company passed a resolution to increase the registered capital of our Company from RMB455,472,500 to RMB500,000,000 (“**2020 Capital Increase**”).

Upon completion of the conversion and capital increase as mentioned above, the share capital of our Company was RMB500,000,000 divided into 500,000,000 Shares with a nominal value of RMB1.0 each.

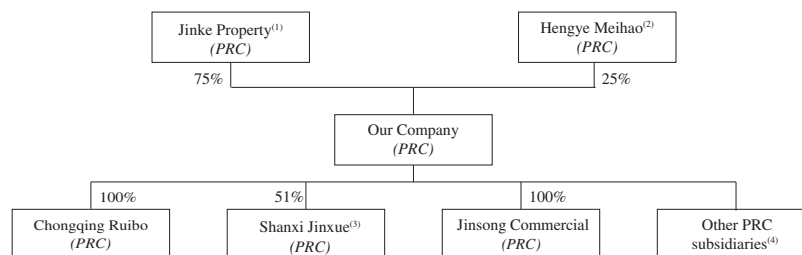
Below sets forth our shareholding structure as of the Latest Practicable Date:

| <b>Name of Shareholder</b>  | <b>Number of<br/>Shares</b> | <b>% of our<br/>share capital</b> |
|-----------------------------|-----------------------------|-----------------------------------|
| Jinke Property              | 341,604,375                 | 68.32%                            |
| Hengye Meihao               | 50,516,464                  | 10.10%                            |
| Panxin Shanghai             | 20,500,000                  | 4.10%                             |
| Tianjin Zhuoyue             | 17,721,513                  | 3.54%                             |
| Ronghui Ruiguang            | 17,185,005                  | 3.44%                             |
| Yangguang Yongsheng         | 14,027,500                  | 2.81%                             |
| Gaoling Zhicheng            | 10,000,000                  | 2.00%                             |
| Yangguang Xinxing           | 9,109,450                   | 1.82%                             |
| CITIC Securities Investment | 9,109,450                   | 1.82%                             |
| Huagai Shengyuan            | 7,451,493                   | 1.49%                             |
| Jinheng Hongxin             | 2,774,750                   | 0.56%                             |
| <b>Total</b>                | <b>500,000,000</b>          | <b>100%</b>                       |

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### REORGANIZATION

The following diagram illustrates our simplified shareholding structure before the Reorganization and Pre-IPO Investments:



*Notes:*

1. As of the Latest Practicable Date, Mr. Huang Hongyun was entitled to exercise voting right of 29.99% of the total share capital of Jinke Property through direct and indirect shareholdings and an acting in concert arrangement. During the Track Record Period, Mr. Huang Hongyun and his concert party did not hold any directorship or senior management position at Jinke Property or our Company.
2. Before the Reorganization and Pre-IPO Investments, Hengye Meihao was directly owned as to 0.02% by Chongqing Jinhetong (as general partner of Hengye Meihao and whose sole shareholder, Ms. Zhang Yuan (張原), is an employee of our Company). Our executive Directors, Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu (as limited partners), directly or indirectly held 15.17%, 4.96% and 3.37% interests in Hengye Meihao, respectively, and our Supervisors, Mr. Yu Yong and Ms. Ren Wenjuan (also as limited partners), directly or indirectly held 3.85% and 0.31% interests in Hengye Meihao, respectively.
3. The remaining equity interest is held by Tianjin Jinrun Industrial Services Co. Ltd.\* (天津金潤產業服務有限公司), an indirect wholly-owned subsidiary of Jinke Property.
4. During the Track Record Period, our Company completed certain acquisitions, none of which was loss-making at the time of acquisition and each of which is not considered as a material acquisition under the Listing Rules. For the list of our subsidiaries, see “Statutory and General Information—A. Further Information about Our Group—6. Particulars of our subsidiaries” in Appendix VI to this prospectus.

### **Adoption of the 2020 Employee Stock Ownership Plan**

In order to incentivize the talents and enhance the employees' loyalty, on April 7, 2020, our Shareholders passed a resolution approving the adoption of an employee stock ownership plan ("**2020 Employee Stock Ownership Plan**"). To implement the 2020 Employee Stock Ownership Plan, Jinheng Hongxin was established on April 30, 2020. Pursuant to an equity interest transfer agreement entered into between our Company, Jinke Property, Hengye Meihao and Jinheng Hongxin on May 14, 2020, Hengye Meihao transferred its approximately 0.61% equity interest in our Company to Jinheng Hongxin at a consideration of RMB29.79 million. The consideration was determined after arm's length negotiation between the parties with reference to the valuation of our Company as of November 30, 2019 as assessed by an Independent Third Party valuer, Chongqing Huakang Asset & Land & Real Estate Valuation Co., Ltd.\* (重慶華康資產評估土地房地產估價有限責任公司), using income approach. To the best of our Directors' knowledge, information and belief, the consideration was funded by the beneficial owners of Jinheng Hongxin using their own personal wealth. After the conversion of our Company into a joint stock company with limited liability, Jinheng Hongxin held 2,774,750 Shares, representing 0.61% of our total share capital.

A total of 428 employees of our Company, including one of our employees, Ms. Xu Yuanyuan (as general partner of Jinheng Hongxin), and our executive Directors and senior management, namely Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu, and two of our Supervisors, namely Mr. Yu Yong and Ms. Ren Wenjuan, and other employees of our Group (as direct or indirect limited partners of Jinheng Hongxin) held partnership interests in Jinheng Hongxin as of the Latest Practicable Date.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

In preparation for the Global Offering, we underwent the following principal Reorganization steps:

### Disposal of Certain Subsidiaries

As part of the Reorganization, we disposed of three subsidiaries. The following table sets forth the details of such disposals:

| Name of disposed company <sup>(1)</sup> | Transferee                                                                                                                      | Date of equity interest transfer agreement | Interest being disposed of | Consideration    |  | Consideration basis                                                                                                                               | Consideration settlement date                                                                                                          | Reasons for disposal                                                                                                                        |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |                                                                                                                                 |                                            |                            |                  |  |                                                                                                                                                   |                                                                                                                                        |                                                                                                                                             |
| Chongqing Ruibo <sup>(2)</sup>          | Baohui Guoxing (Beijing) Technology Development Co., Ltd.* (保匯國興(北京)科技發展有限公司), an Independent Third Party                       | June 11 and June 13, 2020 <sup>(5)</sup>   | 100%                       | RMB10.03 million |  | After arm's length negotiation with reference to the valuation of Chongqing Ruibo as of January 31, 2020 as assessed by an independent valuer.    | Fully settled in cash on June 22, 2020.                                                                                                | The business of Chongqing Ruibo is not related to the core business of our Group and not in line with our business development strategy.    |
| Jinsong Commercial <sup>(3)</sup>       | Shenzhen Jinke Industry Investment Fund Management Co., Ltd.* (深圳金科產業投資基金管理有限責任公司), a wholly-owned subsidiary of Jinke Property | June 12 and June 13, 2020 <sup>(6)</sup>   | 49%                        | RMB24.80 million |  | After arm's length negotiation with reference to the valuation of Jinsong Commercial as of January 31, 2020 as assessed by an independent valuer. | The consideration is anticipated to be fully settled within one month after receiving approval from local financial regulatory bureau. | The business of Jinsong Commercial is not related to the core business of our Group and not in line with our business development strategy. |



## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

| Name of disposed company <sup>(1)</sup> | Transferee                                                                                                  | Date of equity interest transfer agreement | Interest being disposed of | Consideration    | Consideration basis                                                                                                                                                                                         | Consideration settlement date                                                                                                          | Reasons for disposal                                                                                                                                                               |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shanxi Jinxue <sup>(4)</sup>            | Zhongnanhang Airport Security Services (Tianjin) Co., Ltd.* (中安航機場保障服務(天津)有限公司), an Independent Third Party | June 12 and June 13, 2020 <sup>(6)</sup>   | 51%                        | RMB25.82 million | After arm's length negotiation with reference to the valuation of Jinsong Commercial as of January 31, 2020 as assessed by an independent valuer.                                                           | The consideration is anticipated to be fully settled within one month after receiving approval from local financial regulatory bureau. |                                                                                                                                                                                    |
|                                         | Tianjin Jinrun Industry Service Co., Ltd.* (天津金潤產業服務有限公司), a subsidiary of Jinke Property                   | June 22, 2020                              | 51%                        | Nil              | No consideration was paid in respect of this transfer as the registered capital of the disposed company had not been paid and no business operation was carried on by Shanxi Jinxue as of January 31, 2020. | N/A                                                                                                                                    | Shanxi Jinxue was established for the purpose of provision of the commercial operational services to industrial parks which is not in line with our business development strategy. |

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### Notes:

1. As confirmed by our Directors, prior to the disposals, each of the disposed companies had complied with the applicable laws and regulations in all material respects, and had not been involved in any material legal, regulatory, arbitral or administrative proceedings, investigations or claims before such disposals. As confirmed by our PRC Legal Advisors, each of the disposed companies had not been subject to any administrative fine involving material non-compliance with the relevant and applicable PRC laws and regulations prior to the disposals.
2. Chongqing Ruibo is principally engaged in consultancy services with respect to asset management. As Chongqing Ruibo also owned 40% equity interest in Tianjin Jintianzhonglin Information Technology Co., Ltd.\* (天津金天眾鄰信息科技有限公司) (“**Tianjin Jintianzhonglin**”), after the disposal of Chongqing Ruibo, we ceased to hold any equity interest in Tianjin Jintianzhonglin. Prior to the completion of the disposal, the financial results of Chongqing Ruibo were consolidated in our Company’s consolidated financial statements. For each of the three years ended December 31, 2019, the revenue of Chongqing Ruibo amounted to approximately RMB2.54 million, RMB4.59 million and RMB6.05 million, respectively, accounting for approximately 0.24%, 0.30% and 0.26% of our total revenue, respectively. The net profit of Chongqing Ruibo amounted to approximately RMB1.21 million, RMB0.74 million and RMB2.12 million, respectively, accounting for approximately 1.06%, 0.45% and 0.57% of our total net profit, respectively.
3. Jinsong Commercial is principally engaged in commercial factoring businesses. Prior to the completion of the disposal, the financial results of Jinsong Commercial were consolidated in our Company’s consolidated financial statements. For each of the three years ended December 31, 2019, revenue of Jinsong Commercial amounted to approximately nil, nil and RMB1.02 million, respectively, accounting for approximately nil, nil and 0.04% of our total revenue, respectively. The net profit of Jinsong Commercial amounted to approximately nil, nil and 0.57 million, respectively, accounting for approximately nil, nil and 0.15% of our total net profit, respectively.
4. Shanxi Jinxue had no business operation and did not generate any revenue and profit for each of the three years ended December 31, 2019.
5. Our Company entered into an equity interest transfer agreement and a supplemental agreement on June 11 and June 13, 2020, respectively, with Baohui Guoxing (Beijing) Technology Development Co., Ltd.\* (保匯國興(北京)科技發展有限公司) and Chongqing Ruibo.
6. Our Company entered into an equity interest transfer agreement and a supplemental agreement on June 12 and June 13, 2020, respectively, with Shenzhen Jinke Industry Investment Fund Management Co., Ltd.\* (深圳金科產業投資基金管理有限責任公司), Zhongnanhang Airport Security Services (Tianjin) Co. Ltd.\* (中安航機場保障服務(天津)有限公司) and Jinsong Commercial.

### Deemed Distributions

On January 29, 2019 and June 11, 2020, our Company entered into an equity interest transfer agreement and a supplemental agreement with Chongqing Jinke Real Estate Development Co., Ltd.\* (重慶金科房地產開發有限公司) (a wholly-owned subsidiary of Jinke Property) (“**Chongqing Jinke**”), respectively, pursuant to which Chongqing Jinke transferred the entire equity interest in Chongqing Xinqidian to our Company at a consideration of RMB50.0 million. The consideration was determined after arm’s length negotiation with reference to the valuation of Chongqing Xinqidian as of December 31, 2018 as assessed by an independent valuer. The consideration was fully settled on June 11, 2020 in cash and this transaction was accounted for as a deemed distribution to the shareholders of our Company during the year ended December 31, 2019. After such transfer, Chongqing Xinqidian became our wholly-owned subsidiary.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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On August 9, 2019 and June 9, 2020, our Company entered into an equity interest transfer agreement and a supplemental agreement with Hunan Jinke Jingchao Industrial Development Co., Ltd.\* (湖南金科景朝產業發展有限公司) (an associate company of Jinke Property) (“**Jingchao Industrial**”), respectively, pursuant to which Jingchao Industrial agreed to transfer 51% equity interest in Jinke Jingchao to our Company at a consideration of RMB2.55 million. The consideration was determined after arm’s length negotiation with reference to the registered capital of Jinke Jingchao. The consideration was fully settled on June 9, 2020 in cash and this transaction was accounted for as a deemed distribution to the shareholders of our Company during the year ended December 31, 2019. After such transfer, Jinke Jingchao was owned as to 51% by our Company and 49% by Jingchao Industrial.

### PRE-IPO INVESTMENTS

#### The Pre-IPO Investment I

Each of CITIC Securities Investment, Yangguang Xinxing, Ronghui Ruiguang, Huagai Shengyuan and Tianjin Zhuoyue (collectively, the “**Pre-IPO Investors I**”) entered into an equity interest transfer agreement with Hengye Meihao, Jinke Property and our Company, respectively, pursuant to which the Pre-IPO Investors I agreed to invest in our Company by acquiring equity interest of our Company from Hengye Meihao (the “**Pre-IPO Investment I**”).

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The table below set forth a summary of the details of the Pre-IPO Investment I:

| Name of investor                                                                                      | CITIC Securities Investment                                                                                                                                                                                                                                              | Yangguang Xinxing <sup>(1)</sup> | Ronghui Ruiguang | Huagai Shengyuan | Tianjin Zhuoyue <sup>(2)</sup> |
|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|------------------|--------------------------------|
| Date of equity interest transfer agreement:                                                           | May 14, 2020                                                                                                                                                                                                                                                             | May 14, 2020                     | May 19, 2020     | May 18, 2020     | May 14, 2020                   |
| Date of full settlement of investment:                                                                | May 21, 2020                                                                                                                                                                                                                                                             | May 21, 2020                     | June 15, 2020    | June 8, 2020     | May 22, 2020                   |
| Amount of investment (RMB):                                                                           | 97,800,000                                                                                                                                                                                                                                                               | 97,800,000                       | 184,500,000      | 80,000,000       | 190,260,000                    |
| Basis of determination of the consideration:                                                          | With reference to the valuation of our Company as of November 30, 2019 as assessed by an Independent Third Party valuer, Chongqing Huakang Asset & Land & Real Estate Valuation Co., Ltd.* (重慶華康資產評估土地房地產估價有限責任公司), after arm's length negotiations between the parties. |                                  |                  |                  |                                |
| Approximate investment cost per share (RMB) <sup>(3)</sup> :                                          | 10.74                                                                                                                                                                                                                                                                    | 10.74                            | 10.74            | 10.74            | 10.74                          |
| Discount over mid-point of the Offer Price Range (assuming no exercise of the Over-allotment option): | 72.09%                                                                                                                                                                                                                                                                   | 72.09%                           | 72.09%           | 72.09%           | 72.09%                         |
| Approximate shareholding in our Company upon completion of the Pre-IPO Investment I:                  | 2.00%                                                                                                                                                                                                                                                                    | 2.00%                            | 3.77%            | 1.64%            | 3.89%                          |
| Approximate shareholding in our Company upon completion of the Pre-IPO Investment II:                 | 1.82%                                                                                                                                                                                                                                                                    | 1.82%                            | 3.44%            | 1.49%            | 3.54%                          |

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

| Name of investor                                                                                                                | CITIC Securities Investment                                                                                                                                                                                                                                                                                                                                                                                                                                            | Yangguang Xinxing <sup>(1)</sup> | Ronghui Ruiguang | Huagai Shengyuan | Tianjin Zhuoyue <sup>(2)</sup> |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|------------------|--------------------------------|
| Approximate shareholding in our Company upon completion of the Global Offering (assuming no Overallotment Option is exercised): | 1.44%                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1.44%                            | 2.72%            | 1.18%            | 2.80%                          |
| Use of proceeds:                                                                                                                | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                  |                  |                  |                                |
| Strategic benefits:                                                                                                             | Optimize and enhance our shareholder structure, as the Pre-IPO Investors I have shown their confidence in the operation and development of the Group and therefore, they endorsed our Group's performance and prospects.                                                                                                                                                                                                                                               |                                  |                  |                  |                                |
| Lock-up:                                                                                                                        | Pre-IPO Investors I had provided an undertaking that they will not, within one year after the Listing of H Shares of the Company on the Stock Exchange, dispose of any of the Shares held by them.                                                                                                                                                                                                                                                                     |                                  |                  |                  |                                |
| Special rights:                                                                                                                 | Pre-IPO Investors I were granted information rights. It is also specified that, after Listing, such information right would be confined to published information or information which is at the same time made available to the general public. In addition, any price sensitive information would be subject to inside information related regulations. Therefore, our Company is of the view that the Pre-IPO Investors I shall have no special right after Listing. |                                  |                  |                  |                                |

*Notes:*

1. Mr. Li Nan was nominated by Yangguang Xinxing and was subsequently appointed as our non-executive Director.
2. As of the Latest Practicable Date, our non-executive Directors, Mr. Liang Zhongtai, Mr. Luo Licheng, and our Supervisor, Mr. Han Chong, as limited partners, indirectly held 0.78%, 1.65% and 0.16% interest in Tianjin Zhuoyue, respectively.
3. Calculated by taking into account the amount of Shares held by each shareholder after the conversion of our Company into a joint stock company with limited liability.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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The consideration of the Pre-IPO Investment I was determined after arm's length negotiations with reference to the value of our Company of RMB4.89 billion as of November 30, 2019 as appraised by an Independent Third Party valuer using the income approach. Other factors were taken into account in the determination of the consideration including but not limited to: (i) the expected strategic benefits of the Pre-IPO Investment I brought to the Company as disclosed in the table above; and (ii) the investment risks borne by the Pre-IPO Investors I in the Pre-IPO Investments I given the uncertainties in relation to the full circulation of the Domestic Shares at the time of investment and the expected long lock-up period.

### *Information on the Pre-IPO Investors I*

#### *CITIC Securities Investment*

CITIC Securities Investment is a limited liability company established under the laws of the PRC on April 1, 2012 and is wholly owned by CITIC Securities Company Limited (中信證券股份有限公司), a well-known investment company listed on the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030). CITIC Securities Investment is principally engaged in financial product investment, securities investment and equity investment and conducts investment with a focus on industries such as TMT, consumption upgrading, advanced manufacturing, healthcare, financial, environmental protection and logistics as well as integrated finance, with investment projects relating to a wide range of domestic and international businesses. Its portfolio companies include, among others, Montage Technology Co., Ltd. (瀾起科技股份有限公司) (stock code: 688008.SH), Cambricon Technologies Corporation Limited (中科寒武紀科技股份有限公司) (stock code: 688256.SH), CanSino Biologics Inc. (康希諾生物股份公司) (stock code: 6185.HK), Capitalonline Data Service Co., Ltd. (北京首都在線科技股份有限公司) (stock code: 300846.SZ), Jiangxi Guoguang Commercial Chains Co., Ltd. (江西國光商業連鎖股份有限公司) (stock code: 605188.SH) and Sino Medical Sciences Technology Inc. (賽諾醫療科學技術股份有限公司) (stock code: 688108.SH). Based on the knowledge and experience in capital markets and belief in the potential growth of our business, coupled with our stable performance and well-established reputation, CITIC Securities Investment was introduced by a licensed financial advisor to our Company in February 2020 and subsequently decided to invest in our Company with its corporate fund.

#### *Yangguang Xinxing and Ronghui Ruiguang*

Yangguang Xinxing is a private equity investment fund established as a limited partnership under the laws of the PRC on September 18, 2015 and registered with Asset Management Association of China (registration number: S84283). With an aggregated assets under management of approximately RMB5.0 billion, Yangguang Xinxing mainly invests in IT (artificial intelligence, 5G network and integrated circuit), new consumer (transportation, tourism and e-commerce), logistics and supply chain and electronic financial services. Yangguang Xinxing is managed by its general partner, Riverhead Capital which holds 0.5% interest in Yangguang Xinxing. Riverhead Capital is a private fund manager registered with Asset Management Association of China (registration number: P1009409) and ultimately

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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controlled by Ms. Zhang Wenwen (張文雯), an Independent Third Party. The limited partners of Yangguang Xinxing include two non wholly-owned subsidiaries of Sunshine Insurance Group Inc., Ltd. (陽光保險集團股份有限公司) and one limited partnership managed by Riverhead Capital which held approximately 79.5%, 19.88% and 0.12% interest in Yangguang Xinxing, respectively, as of the Latest Practicable Date. Yangguang Xinxing was introduced by a licensed financial advisor to our Company in April 2020 and subsequently decided to invest in our Group with its managed fund.

Ronghui Ruiguang is a limited partnership established under the laws of the PRC on January 4, 2016 with an aggregated assets under management of approximately RMB0.18 billion. Prior to the investment in our Company, Ronghui Ruiguang invested in a company which is principally engaged in hospital management, health management and consulting services. Ronghui Ruiguang is managed by Sunshine Ruihai, which holds 0.05% interest, as the general partner and mainly focuses on project investment, investment management and consulting businesses. The limited partner of Ronghui Ruiguang is Jiaxing Hongrong II Equity Investment Partnership (Limited Partnership)\* (嘉興宏榮貳號股權投資合夥企業(有限合夥)), a private investment fund which held approximately 99.95% interest in Ronghui Ruiguang as of the Latest Practicable Date and is managed by its general partner, Sunshine Ruihai. Sunshine Ruihai is a private fund manager registered with Asset Management Association of China (registration number: P1069987) and ultimately controlled by Ms. Zhang Wenwen. Ronghui Ruiguang was introduced by a licensed financial advisor to our Company in April 2020 and subsequently decided to invest in our Group with its own corporate fund.

Given that each of Yangguang Xinxing and Ronghui Ruiguang is ultimately controlled by Ms. Zhang Wenwen, Ms. Zhang Wenwen is considered to be entitled to control or exercise the control over all the Shares held collectively by Yangguang Xinxing and Ronghui Ruiguang, representing 5.77% of the issued share capital of the Company in aggregate upon the completion of the Pre-IPO Investment I.

### *Huagai Shengyuan*

Huagai Shengyuan is an investment vehicle established as a limited partnership under the laws of the PRC on August 18, 2016 with an aggregated assets under management of approximately RMB80 million. As of the Latest Practicable Date, Huagai Shengyuan's investment in our Company constituted its sole investment. Its general partner is Huagai Zhuoxin Investment Management (Beijing) Co., Ltd.\* (華蓋卓信投資管理(北京)有限公司) ("**Huagai Zhuoxin**"), a private fund manager registered with Asset Management Association of China (registration number: P1019641), holding 0.01% interest in Huagai Shengyuan and its limited partner is Huagai Yongchun Equity Investment Partnership (Limited Partnership) in Ningbo Meishan Free Trade Port Zone\* (寧波梅山保稅港區華蓋永淳股權投資合夥企業(有限合夥)) ("**Huagai Yongchun**") holding 99.99% interest in Huagai Shengyuan. Huagai Zhuoxin, also as the general partner of Huagai Yongchun, is ultimately controlled by Mr. Lu Binghui (鹿炳輝) and Mr. Xu Xiaolin (許小林), both are Independent Third Parties. In view of the prospect and growth potential of our business, Huagai Shengyuan was introduced by a licensed financial advisor to our Company in April 2020 and subsequently decided to invest in our Group with its own corporate fund.



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### *Tianjin Zhuoyue*

Tianjin Zhuoyue is an employee shareholding platform for Jinke Property established and managed by Mr. Shi Cheng (石誠), an employee of Jinke Property, as a general partner and held 0.24% interest in Tianjin Zhuoyue as of the Latest Practicable Date. The limited partners of Tianjin Zhuoyue, collectively held 99.76% interest in Tianjin Zhuoyue as of the Latest Practicable Date through six employee shareholding platforms that held by directors, supervisors, senior management members and core management team of Jinke Property. As of the Latest Practicable Date, Mr. Luo Licheng and Mr. Liang Zhongtai, our non-executive Directors, as well as Mr. Han Chong, our Supervisor, as limited partners of Tianjin Zhuoyue, indirectly held 0.78%, 1.65% and 0.16% interests in Tianjin Zhuoyue, respectively. As of the Latest Practicable Date, Tianjin Zhuoyue's investment in our Group constituted its sole investment. To our Directors' best knowledge, information and belief, Tianjin Zhuoyue invested in our Group with the funds contributed by its partners using their own personal wealth.

Save as disclosed above in this section, the section headed "Substantial Shareholders" and the paragraph under "Appendix VI—Statutory and General Information—D. Other Information—4. Joint Sponsors", to our Directors' best knowledge, information and belief, each of the Pre-IPO Investors I and their respective general partners and limited partners or shareholder as disclosed by the relevant investor (as the case may be) is an Independent Third Party and each of the Pre-IPO Investors I had no other past or present relationship (including business, family, employment, financing, trust or otherwise) with our Group, our substantial shareholders, Directors, senior management or any of their respective associates as of the Latest Practicable Date.

### *Public Float*

The Shares held by Pre-IPO Investors I will not be considered as part of the public float as the Shares are Domestic Shares which did not apply for conversion into H Shares and will not be listed following the completion of the Global Offering.

### **The Pre-IPO Investment II**

After the conversion of our Company from limited liability company into a joint stock company with limited liability, Panxin Shanghai, Gaoling Zhicheng and Yangguang Yongsheng (collectively, the "**Pre-IPO Investors II**") entered into a capital contribution agreement with Hengye Meihao, Jinke Property, Jinheng Hongxin, Pre-IPO Investor I and our Company, pursuant to which the Pre-IPO Investors II agreed to invest in our Company by way of capital injection (the "**Pre-IPO Investment II**").

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The table below set forth a summary of the details of the Pre-IPO Investment II:

| Name of investor                                                                                                                | Panxin Shanghai                                                                                                                                                                                                                                                                                                                                                                          | Gaoling Zhicheng | Yangguang<br>Yongsheng |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------|
| Date of capital contribution agreement:                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                          | June 8, 2020     |                        |
| Date of full settlement of investment:                                                                                          | June 11, 2020                                                                                                                                                                                                                                                                                                                                                                            | June 10, 2020    | June 10, 2020          |
| Amount of investment (RMB):                                                                                                     | 220,090,126                                                                                                                                                                                                                                                                                                                                                                              | 107,361,037      | 150,600,695            |
| Number of Shares subscribed for:                                                                                                | 20,500,000                                                                                                                                                                                                                                                                                                                                                                               | 10,000,000       | 14,027,500             |
| Basis of determination of the consideration:                                                                                    | With reference to the valuation of our Company as of November 30, 2019 as assessed by an Independent Third Party valuer after arm's length negotiations between the parties.                                                                                                                                                                                                             |                  |                        |
| Approximate investment cost per share (RMB):                                                                                    | 10.74                                                                                                                                                                                                                                                                                                                                                                                    | 10.74            | 10.74                  |
| Discount over mid-point of the Offer Price Range (assuming no exercise of the Over-allotment option):                           | 72.09%                                                                                                                                                                                                                                                                                                                                                                                   | 72.09%           | 72.09%                 |
| Approximate shareholding in our Company upon completion of the Pre-IPO Investment II:                                           | 4.10%                                                                                                                                                                                                                                                                                                                                                                                    | 2.00%            | 2.81%                  |
| Approximate shareholding in our Company upon completion of the Global Offering (assuming no Overallotment Option is exercised): | 3.24%                                                                                                                                                                                                                                                                                                                                                                                    | 1.58%            | 2.22%                  |
| Use of proceeds:                                                                                                                | For general working capital of our Group.                                                                                                                                                                                                                                                                                                                                                |                  |                        |
| Strategic benefits:                                                                                                             | At the time of the Pre-IPO Investment II, our Directors were of the view that our Group could benefit from the Pre-IPO Investors II's commitments to our Group as their investments demonstrated their confidence in the operation and development of the Group and served as an endorsement of our Group's performance and prospects.                                                   |                  |                        |
| Lock-up:                                                                                                                        | Each of the Pre-IPO Investors II had provided an undertaking that they will not, within one year after the Listing of H Shares of the Company on the Stock Exchange, dispose of any of the Shares held by them.                                                                                                                                                                          |                  |                        |
| Special rights:                                                                                                                 | The Pre-IPO Investors II were granted rights to inspect various corporate documents. It is also specified that, after Listing, such information right would be confined to published information or information which is at the same time made available to the general public. In addition, any price sensitive information would be subject to inside information related regulations. |                  |                        |

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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As of the Latest Practicable Date, none of the proceeds from the Pre-IPO Investment II made by the Pre-IPO Investors II had been utilized.

The consideration of the Pre-IPO Investment II was determined after arm's length negotiations with reference to the value of the equity interest of our Company of RMB4.89 billion as of November 30, 2019 as appraised by an Independent Third Party valuer by using the income approach. Other factors were taken into account in the determination of the consideration including but not limited to: (i) the expected strategic benefits of the Pre-IPO Investment II brought to the Company as disclosed in the table above; and (ii) the investment risks borne by the Pre-IPO Investors II in the Pre-IPO Investments II given the uncertainties in relation to the full circulation of the Domestic Shares at the time of investment and the expected long lock-up period.

### *Information on the Pre-IPO Investors II*

#### *Panxin Shanghai*

Panxin Shanghai is a private equity investment fund established as a limited partnership under the laws of the PRC on March 24, 2016 and registered with Asset Management Association of China (registration number: SCS006). With paid-up capital of approximately RMB13.28 billion, Panxin Shanghai has invested in medical, education, tourism, environmental protection, finance and other industries. Its portfolio companies include several listed companies in Hong Kong and the PRC. Its general partner is Shanghai Panxin Jiace Investment Management Co., Ltd.\* (上海磐信夾層投資管理有限公司) (“**Panxin Jiace**”) holding approximately 0.01% interest in Panxin Shanghai. Panxin Jiace is wholly owned by CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司). Considering the prospects of property management industry in the PRC and growth potential of our Group, Panxin Shanghai was introduced by a licensed financial advisor to our Company in March 2020 and subsequently decided to invest in our Group with its managed fund.

#### *Gaoling Zhicheng*

Gaoling Zhicheng is a private equity investment fund established as a limited liability partnership under the laws of the PRC on September 29, 2018 and registered with Asset Management Association of China (registration number: SES256). Gaoling Zhicheng mainly invests in artificial intelligence industry. Its general partner is Gaoling Zhicheng Changjiang (Hubei) Equity Investment Management Center (Limited Partnership)\* (高瓴智成長江(湖北)股權投資管理中心(有限合夥)) (“**Zhicheng Changjiang**”), which holds approximately 1.00% interest in Gaoling Zhicheng. The general partner of Zhicheng Changjiang is Zhuhai Gaoling Zhicheng Equity Investment Management Co., Ltd.\* (珠海高瓴智成股權投資管理有限公司) (“**Zhuhai Gaoling**”), a private fund manager registered with Asset Management Association of China (registration number: P1061663), which is ultimately controlled by Ms. Zhu Xiuhua (朱秀花), an Independent Third Party. The fund manager of Gaoling Zhicheng, Zhuhai Gaoling, was introduced by a licensed financial advisor to our Company in May 2020 and subsequently decided to invest in our Company with its managed fund.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### *Yangguang Yongsheng*

Yangguang Yongsheng is a limited partnership established under the laws of the PRC on March 10, 2016 with an aggregated assets under management of approximately RMB0.15 billion. As of the Latest Practicable Date, Yangguang Yongsheng had not invested in any company other than our Group. Yangguang Yongsheng is managed by Sunshine Ruihai, which holds 0.05% interest, as the general partner and mainly focuses on project investment, investment management and consulting businesses. The limited partners of Yangguang Yongsheng are Jiaying Hongrong No. 1 Equity Investment Partnership (Limited Partnership)\* (嘉興宏榮壹號股權投資合夥企業(有限合夥)), Jinan Sendi Investment Management Co., Ltd.\* (濟南森地投資管理有限公司) and Beijing Ronghui Sanxing Investment Management Co., Ltd.\* (北京融匯三興投資管理有限公司) holding 49.95%, 30.0% and 20.0% interest in Yangguang Yongsheng, respectively. Yangguang Yongsheng was introduced by a licensed financial advisor to our Company in April 2020 and subsequently decided to invest in our Group with its own corporate funds.

Given that each of Yangguang Xinxing, Ronghui Ruiguang and Yangguang Yongsheng is ultimately controlled by Ms. Zhang Wenwen, Ms. Zhang Wenwen is considered to be entitled to control or exercise the control over all the Shares held collectively by Yangguang Xinxing, Ronghui Ruiguang and Yangguang Yongsheng, representing 8.07% of the issued share capital of the Company in aggregate immediately prior to the Global Offering.

Save as disclosed above in this section and the section headed “Substantial Shareholders”, to our Directors’ best knowledge, information and belief, each of the Pre-IPO Investors II and their respective general partners and limited partners as disclosed by the relevant investor (as the case may be) is an Independent Third Party and each of the Pre-IPO Investors II had no other past or present relationship (including business, family, employment, financing, trust or otherwise) with our Group, our substantial shareholders, Directors, senior management or any of their respective associates as of the Latest Practicable Date.

### ***Public Float***

The Shares held by the Pre-IPO Investors II will not be considered as part of the public float as the Shares are Domestic Shares which did not apply for conversion into H Shares and will not be listed following the completion of the Global Offering.

### **Joint Sponsors’ Confirmation**

Under the Interim Guidance on Pre-IPO Investments (HKEx-GL29-12), where the consideration for completion or divestment of the last pre-IPO investment is settled within 28 clear days before the date of first submission of the listing application form, the Stock Exchange will generally delay the first day of trading until 120 clear days after the later of the completion or divestment of the last pre-IPO Investments. The last of Pre-IPO Investment I was completed on June 15, 2020 and the last of Pre-IPO Investment II was completed on June 11, 2020. On the basis that (i) the Listing is expected to take place on or after November 17, 2020 and will be more than 120 clear days after the completion of the last of Pre-IPO Investment I

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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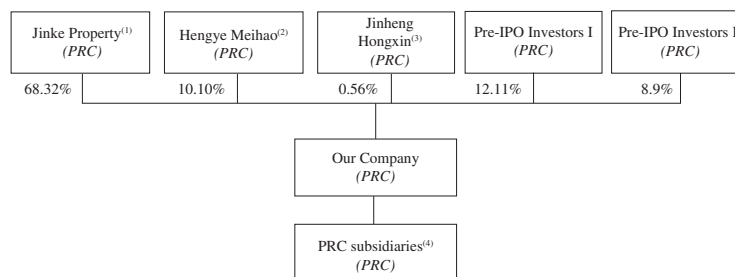
and Pre-IPO Investment II, and (ii) the Pre-IPO Investors shall have the same information right as the general public after the Listing, the Joint Sponsors have confirmed that, based on the documents provided by the Company relating to the Pre-IPO Investments, the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments (HKEx-GL29-12) and the Guidance on Pre-IPO investments (HKEx-GL43-12).

### PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that, all the equity transfers and capital increases as described in “—Reorganization” and “—Pre-IPO Investments” were properly and legally completed and all necessary approvals, filings and registrations from the relevant PRC authorities have been obtained and completed.

### CORPORATE STRUCTURE AFTER THE COMPLETION OF THE REORGANIZATION AND THE PRE-IPO INVESTMENTS AND IMMEDIATELY BEFORE THE GLOBAL OFFERING

The following diagram illustrates our simplified shareholding structure after the completion of the Reorganization and the Pre-IPO Investments and immediately prior to the Global Offering:



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#### Notes:

1. As of the Latest Practicable Date, Mr. Huang Hongyun was entitled to exercise voting right of 29.99% of the total share capital of Jinke Property through direct and indirect shareholdings and an acting in concert arrangement. During the Track Record Period, Mr. Huang Hongyun and his concert party did not hold any directorship or senior management position at Jinke Property or our Company.
2. As of the Latest Practicable Date, Hengye Meihao was directly owned as to 0.02% by Chongqing Jinhetong (as general partner of Hengye Meihao and whose sole shareholder, Ms. Zhang Yuan (張原), is an employee of our Company). Our executive Directors, Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu (as limited partners), directly or indirectly held 15.17%, 4.96% and 3.37% interests in Hengye Meihao, respectively, and our Supervisors, Mr. Yu Yong and Ms. Ren Wenjuan (also as limited partners), directly or indirectly held 3.85% and 0.31% interests in Hengye Meihao, respectively.
3. As of the Latest Practicable Date, Jinheng Hongxin was owned as to 0.03% by our employee, Ms. Xu Yuanyuan (as general partner) and 99.97% by ten other limited partnerships formed by our employees (as limited partners). Our executive Directors and senior management, namely Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu indirectly held 3.78%, 1.49% and 5.22% interest, respectively, and our Supervisor, namely Mr. Yu Yong and Ms. Ren Wenjuan indirectly held 1.42% and 0.22%, respectively, in Jinheng Hongxin through these employee-formed limited partnerships.
4. See “Statutory and General Information—A. Further Information about Our Group—6. Particulars of our subsidiaries” in Appendix VI to this prospectus for details.

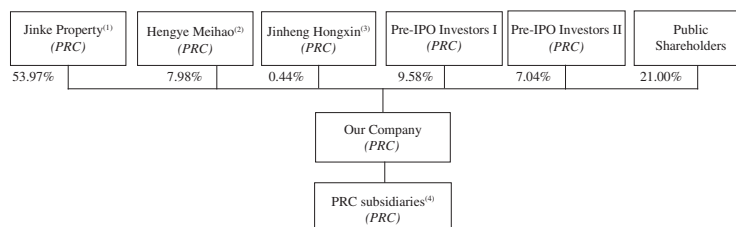
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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### CORPORATE STRUCTURE AFTER THE GLOBAL OFFERING

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



*Note:* See the respective notes to the corporate structure of our Group after the completion of the Reorganization and the Pre-IPO Investments and immediately before the Global Offering.

Except for the H Shares to be held by the public shareholders following the completion of the Global Offering, the Shares held by our domestic shareholders will not be considered as part of the public float as the Shares are Domestic Shares which did not apply for conversion into H Shares and will not be listed immediately following the completion of the Global Offering.

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

### OVERVIEW

We are a leading, comprehensive and "smart" property management service provider in the PRC and ranked first among the Top 100 Property Management Companies in the Southwestern China Region. We were recognized by CIA as a top ten property management companies among the Top 100 Property Management Companies in China in terms of overall strengths<sup>(1)</sup> for five consecutive years from 2016 to 2020 and ranked first among the Top 100 Property Management Companies in the Southwestern China Region in terms of overall strengths for six consecutive years from 2015 to 2020 by CIA. In addition, in 2020, we were ranked first among the Top 100 Property Management Companies in terms of market share based on GFA under management in the Southwestern China Region for 2019, the second among property management companies in China in terms of service quality in 2020. We were recognized as one of the Leading Property Management Service Enterprises in terms of technology empowerment in 2020.

Under our development strategy of "Service + Technology, Service + Ecosystem," we focus on providing quality customer services through the utilization of "big data" and Internet of Things service platforms, and aim to offer a wide range of property management services, including smart technology solutions, to a variety of residential and non-residential properties, including but not limited to, mid- to high-end residential properties, commercial and office buildings, industrial parks, public and other properties, such as educational institutions and hospitals.

For nearly 20 years, we have been providing quality property management services to our customers and continuously expanded operations to cover an extensive number of core economic regions across the PRC. As of June 30, 2020, we had built an extensive business portfolio, covering 24 provinces, municipalities and autonomous regions in three major regions, namely, the Southwestern China Region, the Eastern and Southern China Region and the Central China Region, and other regions in the PRC. We offer a wide range of services under our four business lines: (i) property management services to property developers,

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*Note:*

- (1) Each year, CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strengths. CIA prepare such ranking by assessing the relevant key factors of each company including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Please see "Industry Overview—Background and Methodologies of CIA" for more details.



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## BUSINESS

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property owners (including public entities) and residents; (ii) value-added services to non-property owners, such as property developers and other property management companies; (iii) community value-added services to property owners and residents, primarily including home-living services, community management services, home decoration services and comprehensive living and traveling services; and (iv) smart living technology solutions to property developers, other property management companies, property owners and other companies, primarily including smart design services, smart on-site services and smart integrated operation platform services. As a result of our diversified quality service offerings, we have achieved high customer satisfaction rate as compared to that of the industry average among Top 100 Property Management Companies during the Track Record Period. According to CIA, our customer satisfaction rate at the residential properties we managed was over 90% for each of the eight consecutive years from 2012 to 2019, which was higher than the industry average customer satisfaction rate for each of the corresponding years, which ranged from 70% to 76%.

We believe that our high customer satisfaction rate and well recognized brand name have helped us stay competitive in the property management industry. Our contracted GFA and total GFA under management experienced rapid growth during the Track Record Period. Our contracted GFA grew from approximately 139.1 million sq.m. as of December 31, 2017 to approximately 248.6 million sq.m. as of December 31, 2019, representing a CAGR of approximately 33.7%. Our total GFA under management grew from approximately 62.4 million sq.m. as of December 31, 2017 to approximately 120.5 million sq.m. as of December 31, 2019, representing a CAGR of approximately 39.0%. As of June 30, 2020, we had a total of 843 property management projects with a total contracted GFA of approximately 255.5 million sq.m., and we had a total of 487 property management projects with a total GFA under management of approximately 129.7 million sq.m. Of our total contracted GFA, the contracted GFA from properties developed by Independent Third Parties increased from approximately 87.3 million sq.m. as of December 31, 2017 to approximately 146.1 million sq.m. as of June 30, 2020, accounting for 57.2% of our total contracted GFA as of June 30, 2020. Also, of our total GFA under management, the GFA under management from properties developed by Independent Third Parties increased from approximately 20.3 million sq.m. as of December 31, 2017 to approximately 62.9 million sq.m. as of June 30, 2020, accounting for 48.5% of our total GFA under management as of June 30, 2020.

We have a long-term and stable relationship with Jinke Property Group, our Controlling Shareholder and a joint stock company with limited liability listed on the Shenzhen Stock Exchange. According to CIA, Jinke Property Group was ranked eighth among the property developers in the PRC in terms of the total contracted sales GFA in 2019. Jinke Property Group had contracted sales GFA of approximately 8.4 million sq.m., 13.4 million sq.m., 19.1 million sq.m., and 8.6 million sq.m., respectively, for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020. We were awarded property management service contracts for almost all of the properties developed by Jinke Property Group during the Track Record Period. As of June 30, 2020, we had 328 projects developed by Jinke Property Group, with an aggregate contracted GFA of approximately 92.5 million sq.m., accounting for 36.2%

of our total contracted GFA as of the same date. The Listing will constitute a spin-off from Jinke Property, which will provide our Group with a better platform for our development in the property management business and to further maximize the share value for our shareholders.

As a result of our quality services, extensive property management project portfolio and efficient operations, we were able to achieve substantial growth in our total revenue and net profit during the Track Record Period. Our revenue grew significantly from RMB1,047.0 million in 2017 to RMB2,327.7 million in 2019, representing a CAGR of approximately 49.1%; and our net profit grew significantly from approximately RMB113.7 million in 2017 to RMB374.4 million in 2019, representing a CAGR of approximately 81.5%. In the six months ended June 30, 2019 and 2020, our revenue amounted to RMB1,005.3 million and RMB1,369.6 million, respectively, and our net profit amounted to approximately RMB165.6 million and RMB302.5 million, respectively. We believe that our competitive strengths will continue to help us to solidify our existing market positions and ensure growth in our scale and revenue.

### **OUR COMPETITIVE STRENGTHS**

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

#### **A National, Top-ranked, Comprehensive and “Smart” Property Management Service Provider with a Leading Market Position in the Southwestern China Region**

We are a leading comprehensive “smart” property management service provider in the PRC and a top-ranked market player in the Southwestern China Region. Over the years, we have established a strong market position in the PRC, maintained high-quality growth in several business lines, business scale and operating revenue.

Leveraging on our 20 years’ experience and accumulation, we have established strong market position in the PRC. We were recognized by CIA as one of the Top 100 Property Management Companies in the PRC for 13 consecutive years since 2008. Driven by Jinke Property Group’s expansion and our business development capabilities, we have solidified our presence in some of the strategic core regions in the PRC and achieved significant growth in our GFA under management. Capitalizing on new technologies such as Internet of Things, we continuously refine our service quality, improve our service efficiency and strengthen our positions gradually. As a result, our ranking in terms of overall strengths increased from 38th in 2009 to 10th in 2020 among the Top 100 Property Management Companies. We were recognized by CIA as a top ten property management company among the Top 100 Property Management Companies in China in terms of overall strengths for five consecutive years from 2016 to 2020.

Since the inception of our business, we have focused on some of the core economic regions in the PRC and have expanded our business into the three major regions, namely the Southwestern China Region, the Eastern and Southern China Region, the Central China Region, and other regions in the PRC. We have continuously solidified and enhanced our market presence in the strategic core regions to achieve economy of scale. As a result of our constant “deep-plough” efforts, we have established leading market presence in some of the core economic regions in the PRC. From 2015 to 2020, we were ranked first by CIA among the Top 100 Property Management Companies in terms of overall strengths in the Southwestern China Region. In 2020, we were ranked first among the Top 100 Property Management Companies in China in terms of 2019 market share (base on GFA under management) in the Southwestern China Region. We have also established leading positions in many cities and municipalities, such as Chongqing municipalities and Wuxi city, as evidenced by our top ranking and prominent market position.

Committed to building quality service brands, we have always been focusing on customer satisfaction and aim to provide property owners with quality community life with our extensive experience and attentive services. The services we provide to our customers are supported by our professional ingenuity and humane sentiments, innovative service concept and application of modern technologies such as mobile Internet, Internet of Things and cloud computing. We believe that high customer satisfaction rates help enhance our brand value. According to CIA, our brand value exceeded RMB5.1 billion in 2018. We have also won various accolades for our quality services. According to CIA, we were ranked fourth in the selection of 2019 China Property Management Leading Brand in terms of Market-oriented Operation (2019中國物業服務市場化運營領先品牌企業) and the 5th in the selection of 2019 Service Quality Leading Brand of China Property Service Companies (2019中國物業服務品質領先品牌企業) in the PRC.

We believe that with our 20 years’ experience in the service sector, we have established a leading industry position and strong brand name in the PRC, which will continue to contribute to our future development and enhance our brand value.

### **Strong Business Development and Market Expansion Capabilities Underpinned by Quality Service and High Customer Satisfaction Rates**

Over the years, we have focused on standardizing our services and operation. We have established a standardized service quality control system covering the entire life cycle of property management, which we believe helps us increase customer satisfaction rates.

Taking customer-oriented approach and relying on our diversified business lines, we have developed three standardized service systems, namely Golden Butlers System (金管家), Golden Communities System (金悦家) and Golden Technologies System (金慧家) to standardize the services to ensure consistency and quality under different business lines and among projects across the PRC market. Our the Golden Butlers System mainly provides service standards for property management services and value-added services which cover the entire value chain of a property development project, including pre-delivery management, property

development consultancy and property management services. We further refine our standards for some types of properties, including commercial properties, office buildings and industrial parks. Our Golden Communities System mainly provides service standards for a wide spectrum of community value-added services, including home-living services, community management services, home decoration services and comprehensive traveling and living services. Our Golden Technologies System mainly provides service standards for a variety of service scenarios, including smart living technology solutions and services under other business lines, such as sales assistance services, property management services and industrial parks management. Based on our establishment and implementation of strict internal quality control system, we have obtained a number of certifications from the International Organization for Standardization, namely ISO9001 quality management system certification, GB/T24001 and ISO14001 environmental management system certification and ISO45001 occupational health and safety management system certification.

In addition to our standardized service models, we introduced the “Neighborhood Culture” (鄰里文化) targeted at refining the services provided to residential communities under our management. The “Neighborhood Culture (鄰里文化)” focuses on the provision of better and targeted treatments for the elderly, spouses, children, neighbors and smaller family units (敬老、愛妻、親子、睦鄰、惜己) so to elevate the overall living experiences for our customers in residential communities. We have established six neighborhood activities platforms through which we organize social events for residents, including the neighborhood banquet (鄰里萬家宴), the neighborhood trip (鄰里萬人遊), the neighborhood art festival (鄰里藝術節), the neighborhood parent-child programs (鄰里親情季), the neighborhood sports competition (鄰里運動會) and the neighborhood hiking team (鄰里踏青季). We believe the rich neighborhood culture and diversified community activities have helped create closer bonding between residents in the communities managed by us and improve their overall living experiences, which will contribute to high customers’ loyalty and satisfaction rate. We achieved high customer satisfaction rates as compared to that of the industry average among during the Track Record period. According to CIA, our customer satisfaction rate of the residential properties we managed was over 90% for eight consecutive years from 2012 to 2019, which was higher than the industry average during the same years ranging from 70% to 76%.

Benefiting from our standardized and quality services as well as high customer satisfaction rates, we have achieved strong business development capabilities, enabling us to obtain property management service agreements from Independent Third Parties. As of December 31, 2017, 2018 and 2019 and June 30, 2020, contracted GFA for properties developed by Independent Third Parties amounted to 87.3 million sq.m., 115.7 million sq.m., 146.2 million sq.m. and 146.1 million sq.m., respectively, accounting for 62.8%, 61.0%, 58.8% and 57.2% of total contracted GFA, respectively. As of the same dates, the total GFA under management for properties developed by Independent Third Parties amounted to 20.3 million sq.m., 40.9 million sq.m., 58.2 million sq.m. and 62.9 million sq.m., accounting for 32.5%, 45.6%, 48.3% and 48.5% of our total GFA under management, respectively.

In addition, we strive to diversify our project portfolio and expand our non-residential properties portfolio. Adhering to the development concept of “integration, co-construction and sharing” (共融、共建、共享), we have established strategic cooperation with multi-level municipal governments, enterprises and institutions, and industrial parks. The management operations cover many types of mid-to high-end residential properties, commercial buildings, industrial parks, public and other properties, such as educational institutions and hospitals. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our GFA under management for non-residential properties amounted to 3.7 million sq.m., 9.3 million sq.m., 14.6 million sq.m. and 21.0 million sq.m., respectively. Of our total GFA under management for non-residential properties as of June 30, 2020, the GFA under management for industrial parks, commercial properties and office buildings, public and other properties in the six months ended June 30, 2020 was 6.3 million sq.m., 5.7 million sq.m. and 9.0 million sq.m., respectively.

We believe that with the standardized quality service system and high customer satisfaction rates, we will continue to improve our business development capabilities, expand our strategic presence, and solidify our industry leading position in the PRC.

### **Sustainable and Rapid Growth Fuelled by Strong Support from Jinke Property Group**

We benefit from our long-standing and stable business cooperation relationship with our Controlling Shareholder, Jinke Property Group, a leading property developer in the PRC with a recognized brand name and large portfolio of property development projects. Jinke Property Group was ranked among the China’s Top 100 Real Estate Companies by CIA for 16 consecutive years since 2005. From 2015 to 2019, Jinke Property Group’s contracted sales and contracted sales GFA grew at a CAGR of 70.3% and 54.8%, respectively. According to CIA, Jinke Property Group was ranked as a top ten property developer in the PRC in terms of contracted sales GFA from 2016 to 2019. In 2019, Jinke Property Group was ranked eighth among property developers in the PRC in terms of contracted sales GFA. In 2017, 2018 and 2019 and the six months ended June 30, 2020, the contracted sales GFA of Jinke Property Group and its joint ventures and associates was 8.4 million sq.m., 13.4 million sq.m., 19.1 million sq.m., and 8.6 million sq.m., respectively. Jinke Property Group has maintained quality growth and continued to expand its land bank. In 2017, 2018 and 2019 and the six months ended June 30, 2020, Jinke Property Group obtained land parcels with capacity building area of 12.5 million sq.m., 20.5 million sq.m., 33.2 million sq.m. and 13.7 million sq.m., respectively. As of June 30, 2020, Jinke Property Group and its joint ventures and associates had a total land bank with a total salable GFA of approximately 74.0 million sq.m. The growing land bank of Jinke Property Group provides a solid foundation for our future development.

Jinke Property Group is committed to becoming China’s leading comprehensive operator for the industrial parks. As of June 30, 2020, the industrial parks development projects of Jinke Property Group had entered 17 cities in 13 provinces including Chongqing, Sichuan, Hunan, Shandong, Shanxi, and Shaanxi, with a total of 21 development projects under operation and management, covering an area of over 10.0 million sq.m. Jinke Property Group successfully built a number of benchmark projects represented by Chongqing Liangjiang Health Science and Technology City, Shanxi Intelligent Technology City and Changsha Science and

Technology New City. Jinke Property Group has been awarded various honors for its industrial park development, including, among others, “Top 20 Chinese Industrial Park Operators” (中國產業園區運營20強), “TOP 10 Brand Value of Chinese Industrial Park Operator” (中國產業園區運營商品牌價值TOP10) and “China Excellent Enterprise Service Provider in Industrial Park” (中國產業園區優秀企業服務商). As of the Latest Practicable Date, we provided property management services for substantially all industrial parks developed by Jinke Property Group. We believe that the Jinke Property Group’s industrial parks portfolio will enable us to further expand our non-residential properties.

Jinke Property Group has implemented its development strategies to strengthen its presence in “four major economic zones and eight city clusters” and has achieved a national footprint primarily focusing on second-and third-tier cities and, to a lesser extent, first- and fourth-tier cities. As of June 30, 2020, Jinke Property Group and its joint ventures and associates had 353 property projects under development in more than 100 cities nationwide. With its strong operational development capabilities, outstanding brand influence and leading product innovation capabilities, Jinke Property Group provides a strong shareholder reputation support for our business development.

During the Track Record Period, we provided our property management services for almost all properties developed by Jinke Property Group. See “—Property Management Services—Tender Process” in this section for more details on our bidding success rate for properties developed by Jinke Property Group. We have enjoyed such high bidding success rate for properties developed by Jinke Property Group primarily because: (i) our long history in and extensive experiences from working in the property management industry have helped us to develop a reputable brand name in the PRC market. We have been able to leverage on our brand name and achieve high customer satisfaction rates for our property management services for residential properties was over 90% for each of the eight consecutive years prior to 2020, which exceeded the average customer satisfaction rates from property management companies in the industry, which ranged from 70% to 76% for the same years. Our enhanced brand name and proven experiences in delivering quality property management services have enabled us to gain and maintain a competitive advantage over some other property management companies in the PRC market; (ii) our long-standing track record in working with Jinke Property Group has enabled us to become very familiar with their demands and requirements which, in turn, allowed us to provide the more precise, quality and even tailor-made services to such properties; (iii) the shared company culture between and the similarities in the internal policies and work procedures used by Jinke Property Group and us provide us with a greater understanding of the service needs of and procedures required by Jinke Property Group, allowing seamless communications between the parties to reduce communication costs; (iv) our wide service scope, which includes consultancy services to property developers, helps us to become engage in the early stage of Jinke Property Group’s property development, so we would have a better understanding of the service requirements of the relevant projects, and such understanding has enabled us to offer more precise services at cost-competitive prices, thereby increasing our chances at winning the bids from Jinke Property Group; and (v) our ability to maintain relatively high retention rate for projects under our management during the Track Record Period also demonstrates the high level of customer satisfaction for our services,



and lends support to the claim that we provide quality and suitable services to Jinke Property Group to help enhance their brand image. While we provide property management services for properties developed by Jinke Property Group, we also provide value-added services to non-property owners for Jinke Property Group, including sales assistance services, pre-delivery services and consultancy and other services.

We believe that strong brand recognition, enormous land bank and strong land acquisition strength of Jinke Property Group will provide us with more business opportunities and promote our further development. With our long-term and stable business relationship with Jinke Property Group, we are well positioned to continue to expand our property management project portfolio in the PRC, further enhance our expansion capacity in the regions which we operate, develop our service capabilities for the non-residential properties and expand our geographic coverage.

### **Quality and Efficient Operations Empowered by Advanced and Intelligent Technology Platforms**

We have leading technological capabilities among the Top 100 Property Management Companies in China. We have established the community big data research center and the cloud service center to realize data visualization, service intelligence and management digitalization. We have become one of the few property management companies with the national new and high-technology enterprise qualification. As of June 30, 2020, we had 17 patents approved by the PRC State Intellectual Property Office and registered 15 computer software copyrights at the Copyright Protection Center of China (中國版權保護中心).

In order to improve our customer satisfaction and cater to our customers' increasing demand for home safety, commuting convenience and timely responding to service requests that may affect their living experience, we have developed the “Big Butler” platform. The “Big Butler” platform is a management platform aims to reduce labor cost and improve operation efficiency by standardizing our frontline staff's work procedures in provision of various services, including handling services request, environmental quality, safety management, patrol management, contending for service orders, housekeeper service, quality inspection, standardization operation guidance and other services, through which property owners' needs will be quickly responded to and resolved. The “Big Butler” system will make the property management digitized and transparent, which will further improve work efficiency and quality, and effectively promote the improvement of service quality and service efficiency.

In respect of smart community value-added services, we have developed an one-stop online service platform named “Jinke Grande Community APP” (金科大社區) for our customers, which includes a series of application systems, such as fee collection system, visitor access control system, report and request system and intelligent customer service system, to fully meet the diversified demand of property owners while further enhancing their experience. After conducted analysis on the data collected through the system, we can make adjustments



based on the needs of property owners and provide more precise support and extension for property management services. As of the Latest Practicable Date, our “Jinke Grande Community APP” (金科大社區) had more than 668,000 registered users.

In addition, we also introduce the smart service into the field of urban services and provide customized smart service solutions for residential communities, industrial parks, commercial buildings and urban architecture through the integrated management of the digitalized and transparent platform. In June 2018, the official launch of our 3D engine version of TQ-OS big data system (天啟系統) in the Chongqing Liangjiang Health Science and Technology City (重慶兩江健康科技城) marked the commencement of our smart services for industrial parks. After the upgrade of Chongqing Liangjiang Health Science and Technology City, a comprehensive smart security, vertical monitoring and intelligent linkage mechanism will be established through intelligent access control, intelligent barrier gate, and intelligent cloud monitoring equipment, to improve the quality and efficiency of security work in the park. We also project the virtualization of the park on the large screen of the operation center. The activities in the park will be visually shown based on big data and Internet of Things technology. As such, we can obtain key operational indicators such as personnel, vehicles, facilities, energy consumption, and space, enable us to formulate integrated response plans and achieve one-stop operation at the command center. With the Chongqing Liangjiang Health Science and Technology City as the blueprint, we have provided customized service solutions for Shanxi Intelligent Science and Technology City (山西智慧科技城) and Hunan Changsha New Science and Technology City (湖南長沙科技新城) from 2018 to 2020.

Meanwhile, we are constantly increasing investment, upgrading and updating our smart service system. Since 2018, we cooperated with some leading technological companies to launch research and development projects in order to develop our “intelligent perception system (感知系統)”. We expect the system upon completion of development, will integrate the Internet of Things midway platform, AI (artificial intelligence) midway platform, data midway platform, business midway platform, 3D digital engine and video sensory platform, to realize the interaction between the Internet of Things and Internet of Intelligences, meet the diversified personalized needs of customers, enhance management efficiency and provide multi-dimensional solutions for the operation and maintenance of smart parks, smart communities, smart buildings, and smart city.

We have always been committed to building a technology platforms to provide smart services, actively adapting to the market environment and keeping up with trends in the property management industry, and providing comprehensive and technological service solutions for smart communities, smart parks and smart buildings, providing customer services and improving the management quality and efficiency of enterprises through intelligent and digital technology platforms, and continuing to expand and extend urban services.

We believe that with our leading technological strength and digital, informational and intelligent integrated systems, we can reconstruct our services, fully explore personalized and diversified value-added service spaces, and improve customer service quality and the quality and efficiency of business operations, which will help reduce the reliance on human labor and enhance our profitability.

### **Professional Value-added Service System to Ensure Consistency in Quality in Our Services**

We are dedicated to providing better living experiences through our services (“美好生活”) based on the needs of property owners. In addition to the traditional property management services, we also provide community value-added services and value-added services to non-property owners in communities we manage. The diversified business lines have expanded our income sources and promoted the growth of our financial performance. Our total revenue from value-added services increased at a CAGR of approximately 72.8% from RMB279.7 million in 2017 to RMB835.0 million in 2019, with the growth rate far exceeding the average of Top 100 Property Management Companies in China during the same period, which was 28.5%.

After years of business exploration and development, we have established a full life-cycle value-added service system based on customers’ personalized needs such as “food, housing, transportation, travel, purchase, education,” covering home-living services, community management services, home decoration services, and comprehensive living and traveling services. Our abilities to accurately respond to the needs of property owners and to provide professional services enable us to achieve significant growth in the community value-added service. From 2017 to 2019, our revenue generated from community value-added services amounted to RMB76.8 million, RMB125.5 million and RMB238.6 million, respectively, with a CAGR of 76.3%. In the six months ended June 30, 2019 and 2020, our revenue generated from community value-added services amounted to RMB98.2 million and RMB125.6 million, respectively. In 2019, our revenue generated from home-living services, community management services, home decoration services and comprehensive living and traveling services amounted to RMB81.6 million, RMB75.2 million, RMB41.1 million and RMB40.7 million, each grew with a CAGR of approximately 243.5%, 32.3%, 1,527.8% and 23.3%, respectively from 2017 to 2019. In the six months ended June 30, 2020, our revenue generated from home-living services, community management services, home decoration services and comprehensive living and traveling services amounted to RMB62.8 million, RMB32.8 million, RMB14.6 million and RMB15.4 million, respectively.

Benefiting from the cooperation with our Controlling Shareholder, Jinke Property Group, we have developed advanced service capabilities to provide a wide variety of value-added services to non-property owners, including sales assistance services, pre-delivery services and consultancy and other services. By extending our services to the front line of property development, we cover pre-sales activities of property developers by providing sales assistance services as well as other post-delivery services. We have explored other opportunities to provide various value-added services, such as consultancy services and technology services to

other property developers and property management companies. From 2017 to 2019, our revenue generated from value-added services for non-property owners amounted to RMB202.9 million, RMB367.5 million and RMB596.4 million, respectively, with a CAGR of 71.4%. In the six months ended June 30, 2019 and 2020, our revenue generated from value-added services for non-property owners amounted to RMB226.4 million and RMB292.2 million, respectively.

The gross profit margin of value-added services was 33.7%, 32.8%, 32.5% and 39.9% for value-added services to non-property owners, respectively, and the gross profit margin of community value-added services was 60.1%, 51.5%, 46.1% and 36.6%, respectively, which was much higher than that of our property management services during the Track Record Period. The increase in our total GFA under management will result in the rapid growth of our value-added businesses with high gross profit margin, which will help improve our financial performance. We believe our diversified value-added services will break through the bottleneck of economy of scale, continue to diversify our sources of income and contribute to the quality growth of our results of operations.

### **Well-established Incentive Scheme to Attract and Retain Experienced Management Team and Talented Employees**

We have always considered our talented employees as one of our core competitiveness and continuously improved and optimized our human resource system. We consider our employees as our important stakeholders and cooperative partners. We have established an efficient incentive scheme to link our employees' performance with our corporate goal, which further align their interest with ours.

To attract and retain our core management team members and to motivate them to contribute to the development of our business, we implemented the 2017 Employee Stock Ownership Plan in 2017 which involved 137 of our core management team members. Since then, we have witnessed rapid growth in our contracted GFA, GFA under management, revenue and net profit. To incentivize more frontline employees, we launched the 2020 Employee Stock Ownership Plan, which covered 428 of our employees, including both of our management team members and our frontline employees. For further information, please refer to "History, Reorganization and Corporate Structure" in this prospectus.

In addition to constantly improving our incentive mechanism, we also continue to optimize our talent recruitment, training and cultivation as well as selection and promotion systems to ensure that our management team is experienced, young and efficient. In order to attract more young talents to join us, we have implemented a recruitment plan for fresh graduates, namely the "Star Student (星悦生)" training program, which aims to recruit young talents who share similar value with us and pursue growth and potential, so as to keep the vitality of our core team.

Meanwhile, we have set up a training platform, the “Jinke Services Institute (金科生活服務學院)” which provides learning plans for employees at different stages. The platform encompasses four major training systems, namely new emerging force training, managerial staff training, professional staff training and young talents training. For example, the “Jialing (嘉陵)” project in the managerial staff training programs provides trainings that cultivate the global vision for our middle and senior management teams. Adhering to the concept of unity of knowing and doing, we organize study tours in the “Jialing (嘉陵)” project in some globally renowned enterprises and universities.

We have an experienced, young and efficient management team. For instance, Mr. Xia Shaofei, Chairman of our Board, executive Director and president of the Company, has over 18 years of experience in the real estate industry. Mr. Luo Chuansong, our executive Director and executive general manager, has over 18 years of experience in the property management industry, serving as the vice-chairman of China Property Management Institute and chairman of Chongqing Property Management Association (重慶市物業管理協會). Mr. Xu Guofu, our Executive Director, deputy general manager, chief financial officer and secretary of our Board, has rich experience in financial management, capital operation and corporate governance. For more details, please refer to “Directors, Supervisors and Senior Management—Executive Directors”.

Our middle-level management members are young and passionate. For example, our strategic operation center, securities affairs department under the office for the Board, operation and management center, government and enterprise service business group, market planning center, customer center, pre-delivery service center and other core management functional departments are all headed by post-1985 managers. As of June 30, 2020, those who aged under 20 to 39 accounted for approximately 83.6% of the management personnel. With the majority of young members making up the management team, we believe we are innovative, motivated and competitive in the industry.

We believe that our business is thriving and attractive to potential talents in the industry. We have been constantly improving the corresponding incentive scheme and talent system, so as to continue to cultivate, promote and retain experienced, young and efficient management team, therefore to ensure that professional dedication and working enthusiasm play a key role in our business development and contribute to our future development.

### BUSINESS STRATEGIES

We plan to reinforce our leading position in the property management industry by implementing the following business strategies:

#### **Focus on Core Regions, Solidify Our Leading Market Position through Expansion in Geographical Coverage and Business Scale**

We intend to further expand our business scale and solidify our leading market position in the PRC by expanding the total contracted GFA and number of properties under our management. We plan to further our commitment to growing our business in the Southwestern China Region, the Eastern and Southern China Region, the Central China Region and other regions in which we have operations to further solidify our leading market positions in these regions.

We plan to further expand our property management portfolio through various channels, such as strategic acquisitions and investments. We intend to acquire or invest in property management companies that meet our criteria in terms of, among others, business profile, scale of operations, operating performance, profitability and growth potential. We will consider and plan to focus on target companies with experiences, qualifications and/or existing projects involving the provision of property management services to non-residential properties (such as public and government facilities) as ideal acquisition targets. We believe such companies would complement our existing service capabilities and help us to expand our service scope to cover a wider range of non-residential properties, broaden our geographical coverage and improve our overall profitability. In addition, in view of our advanced technical capabilities in property management, we intend to seek opportunities to provide technical solutions to further expand our services to urban and public facilities and provide technical and smart service solutions to the governments and enterprises. We believe such efforts would further diversify our existing service scope and offerings and improve urban environment in the cities in which we operate which, in turn, would enable us to foster goodwill with local governments, enhance our brand awareness, propel our growth and improve our profitability.

We intend to explore additional business opportunities as we continue to work with our upstream partners, such as suppliers and sub-contractors, and downstream partners, such as customers at the properties managed by us and/or entities with which we have business relationships. We believe that we are well-positioned to take advantage of our established network involving the upstream and downstream resources and source products and/or services from upstream partners for sales to downstream partners in our network, such as food catering services, and provide possibilities for us to expand our cooperation with existing business partners. We may also form cooperative partnership with our outstanding business partners in various ways, including, but not limited to, expanding the scope of cooperation, establishing joint ventures, or acquiring part or all of the business of our business partners. We will carefully evaluate suitable opportunities when they arise, with a focus on the operational management and profitability of such projects.

We plan to use approximately 60.0% of the net proceeds from the Global Offering for acquisitions and investments. For more details, please see “Future Plans and Use of Proceeds” for more details.

### **Continue to Provide Diversified Value-added Services and Upgrade Community Facilities, with a Focus on Customer Satisfaction and to Improve Customer Loyalty**

We plan to continue to develop and provide diversified value-added services. As an important component of our value-added services, our community value-added services primarily include home-living services, community management services, home decoration services and comprehensive living and traveling services. We intend to further tailor our community value-added services to the evolving needs of our customers. We collect and analyze customers' feedback regarding our services. Based on our customers' feedback, we intend to refine and improve our existing business and expand the scope of services according to our customers' needs and tastes. For example, we perceive an increasing demand for healthy lifestyle among the residents in communities under our management and intend to increase services related to healthy and fitness, such as providing online healthcare consultancy services and building sports facilities to promote healthier living among residents.

We also believe that our customers would be willing to pay higher prices for upgraded facilities and living environment. We intend to refurnish and/or renovate certain facilities and infrastructure at our existing and older residential properties, such as re-designing the greenery landscape, improving the sanitary and cleaning systems and utility supply conditions and upgrading various equipment and systems of the access control systems. For example, we installed enhanced security surveillance system for common areas, visitor management system and parking space management system and upgraded the water pipeline infrastructure, among others, at the Chengdu Garden (成都花園) project in 2018, and were able to increase our average property management service fees by approximately 33.3% from 2018 to 2019.

We believe the above strategies will enhance customer loyalty and satisfaction, which will in turn increase our profitability. We plan to use approximately 20.0% of the net proceeds from the Global Offering for continuous provision of diversified value-added services. Please refer to the section entitled "Future Plans and Use of Proceeds" in this prospectus.

### **Further Optimize Our Intelligent System Platform and Strengthen Our Core Science and Technology Empowerment Capability to Further Improve Our Service Quality and Operational Efficiency**

We plan to further improve the core competitiveness of our service quality and operational efficiency by optimizing our intelligent integrated platform systems. We will continuously develop and upgrade our comprehensive intelligent operational systems, mainly focusing on the enhancement of our midway operation capability (including our Internet of Things midway platform, business midway platform, AI midway platform and data midway platform). We plan to focus on investing in central database and servers of midway platforms. With these upgrades, we aim to improve our standardization, digitalization and intelligence levels of our operational systems to achieve better, more cohesive and efficient management. We also intend to further optimize our one-stop service platform, the "Jinke Grande Community APP" (金科大社區).



In addition, we are committed to transform from traditional property management to smart community management. We intend to develop and upgrade intelligent management systems relating to security, fire control, visitor management, smart parking and video surveillance through the implementation of diversified systems in the communities we service, such as the TQ-OS system (天啟系統), the Home-Life system (生命家系統), cloud access control (雲門禁), cloud parking management (雲停車) and cloud monitor (雲監控). For example, we plan to utilize the video sensory platform under our TQ-OS system (天啟系統) to monitor community safety and the status of utility facilities. For suitable properties, we will further upgrade our high-definition video cameras with 5G network and higher image resolution to monitor our managed communities through the cloud monitor. We will also install additional video cameras to increase the security camera coverage in our managed communities. The optimization of these management systems enables us to reduce the reliance on manual labor and improve internal management efficiency and service quality.

We plan to use approximately 10.0% of the net proceeds from the Global Offering for digital management systems and automatic operations. Please refer to the section entitled “Future Plans and Use of Proceeds” in this prospectus.

### **Further Improve Our Established Corporate Governance System, Enhance Management Skills and Create Advanced Incentive System to Continuously Stimulate Our Business Development and Revenue-generating Capabilities**

We have always placed an emphasis on building our corporate governance system to ensure that we operate and maintain in accordance with the relevant laws and regulations and our constitutional documents in a healthy manner, while protecting the interest of our Shareholders. As we expand our operations and service scope, we will continue to improve our decision-making process to enhance our management skills, enhance our current corporate governance structure, and build a more ideal management structure suitable for our business growth.

At the same time, we will continue to perfect our incentive schemes and improve our human resources management system and build advanced corporate culture to help us achieve greater operational efficiency. In order to achieve this, we aim to: (i) further upgrade our current and advanced incentive schemes to improve our fixed salary system, performance-based incentive system and profit-driven incentive system, by granting options, shares or other methods to incentivize our employees’ performance, retain and attract talented personnel and maintain our recognized brand name in the market and among our customers; and (ii) to further perfect our training program, e.g. through our established internal training platform, the Jinke Services Institute (金科生活服務學院), which will continue to provide intensive and systematic training to our employees to build their knowledge base and improve their work performances, while offering selected courses through cooperation with industry experts and advanced educational institutions to build their expertise within their respective professional areas; and (iii) to closely monitor our rate of return with respect to our investments in human resources, and continue to improve the performance of our existing employees and attract external talents to achieve higher individual operational efficiency through such adjustments and improvements.



### OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from four business lines: (i) property management services, (ii) value-added services to non-property owners, (iii) community value-added services, and (iv) smart living technology solutions.

- *Property management services.* We provide property developers, property owners (including public entities) and residents with a wide range of property management services, comprising cleaning, security, greening, repair and maintenance services, public area maintenance and other property management related services.
- *Value-added services to non-property owners.* We offer a wide spectrum of value-added services to non-property owners, mainly including property developers and other property management companies. Our value-added services to non-property owners primarily consist of: (i) sales assistance services, which primarily include visitor reception, on-site cleaning, security, repair and maintenance services to assist property developers in showcasing and marketing their properties at the pre-sale stage of property sales, (ii) pre-delivery services, including cleaning, inspection, repair and maintenance services to non-property owners at the pre-delivery stage and, to a lesser extent, repair and maintenance services after delivery where such services are required by property developers based on inspections of relevant properties, and (iii) consultancy and other services, including consultancy services for property developers and property management companies on project planning and management as well as other value-added services.
- *Community value-added services.* We aim to improve our property owners' and residents' quality of life by providing them with access to a wide range of community value-added services. Our community value-added services primarily consist of: (i) home-living services, which primarily include shopping services, and home cleaning services, (ii) community management services, which primarily include common area maintenance services, such as waste disposal services, as well as public resources management services, such as public space leasing, delivery services and advertising services, (iii) home decoration services, which primarily include home decoration services and move-in furnishing services (拎包入住服務), and (iv) comprehensive living and traveling services, which primarily include property agency services and travel agency services.
- *Smart living technology solutions.* Our smart living technology solutions mainly focus on providing smart solutions to property developers, property management companies and other companies as well as property owners. Our smart living technology solutions primarily include (i) smart design services: we provide smart function solutions in relation to project construction for property developers, including, but not limited to, the design and development of high-tech home security systems, closed-circuit television security systems, smart access control systems, security patrolling systems, smart hosted network systems, smart community service

platforms, public facilities monitoring system and computer and network systems, and we sell technology products to property owners; (ii) smart on-site service: we provide technology services (such as on-site management and smart display services) for property developers during the pre-sale or property sales stages, primarily including “Home-Life (生命家)” home display services under which we help property developers to display and promote the advanced technologies used at their properties; (iii) smart integrated operation platform services, including the development, customization, installation and maintenance of IBMS (intelligent building management system) operation platforms, which typically include a wide range of software and hardware systems, such as, among others, cloud access control platform, video surveillance platform, facial recognition system, carbon monoxide detection system and cloud car park management platform.

## **PROPERTY MANAGEMENT SERVICES**

### **Overview**

During the Track Record Period, our revenue witnessed rapid growth. The revenue generated from property management services increased from RMB760.9 million in 2017 to RMB1,465.8 million in 2019, representing a CAGR of 38.8%. In the six months ended June 30, 2019 and 2020, the revenue generated from property management services amounted to RMB666.0 million and RMB925.4 million, respectively. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our total GFA under management was approximately 62.4 million sq.m., 89.7 million sq.m., 120.5 million sq.m. and 129.7 million sq.m., respectively. Our contracted GFA was approximately 139.1 million sq.m., 189.8 million sq.m., 248.6 million sq.m. and 255.5 million sq.m., respectively, for the same periods.

During the Track Record Period, a substantial portion of our revenue was generated from property management services provided in relation to properties developed by Jinke Property Group. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue generated from property management services provided in relation to properties developed by Jinke Property Group amounted to RMB562.6 million, RMB703.3 million, RMB923.6 million, RMB425.2 million and RMB559.0 million, respectively, accounting for 73.9%, 69.0%, 63.0%, 63.8% and 60.4%, respectively, of our total revenue generated from property management services for the same periods.

(1) In 2017, 2018 and 2019, and the six months ended June 30, 2019 and 2020, revenue we generated from Jinke Property Group in relation to management of such properties amounted to RMB63.2 million, RMB56.1 million, RMB61.3 million, RMB12.6 million and RMB53.3 million, respectively. During the same periods, revenue we generated from property owners and residents in relation to management of such properties amounted to RMB499.4 million, RMB647.2 million, RMB862.3 million, RMB412.6 million and RMB505.7 million, respectively.

(2) To the best estimate of our Directors, as of June 30, 2020, among our contracted but undelivered GFA of 125.8 million sq.m., approximately 20.2% were expected to be delivered by the fourth quarter of 2020, approximately 22.9% were expected to be delivered by 2021, approximately 12.4% were expected to be delivered by 2022 and approximately 44.5% were expected to be delivered by 2023.

| For the year ended December 31,                  |                      |                                |         |       |                                                                        |                      |                                |           |       | For the six months ended June 30,                 |                      |                                |           |       |                    |                      |                                |         |       |            |          |                        |          |            |
|--------------------------------------------------|----------------------|--------------------------------|---------|-------|------------------------------------------------------------------------|----------------------|--------------------------------|-----------|-------|---------------------------------------------------|----------------------|--------------------------------|-----------|-------|--------------------|----------------------|--------------------------------|---------|-------|------------|----------|------------------------|----------|------------|
| 2017                                             |                      |                                |         |       | 2018                                                                   |                      |                                |           |       | 2019                                              |                      |                                |           |       | 2020               |                      |                                |         |       |            |          |                        |          |            |
| Number of projects                               | GFA under management | Contracted but undelivered GFA | Revenue | %     | Number of projects                                                     | GFA under management | Contracted but undelivered GFA | Revenue   | %     | Number of projects                                | GFA under management | Contracted but undelivered GFA | Revenue   | %     | Number of projects | GFA under management | Contracted but undelivered GFA | Revenue | %     |            |          |                        |          |            |
|                                                  |                      |                                |         |       |                                                                        |                      |                                |           |       |                                                   |                      |                                |           |       |                    |                      |                                |         |       | sq.m. '000 | RMB '000 | sq.m. '000             | RMB '000 | sq.m. '000 |
| 110                                              | 41,523               | 7,451                          | 565,646 | 73.9  | 129                                                                    | 47,262               | 17,531                         | 703,322   | 69.0  | 165                                               | 56,761               | 30,585                         | 923,598   | 63.0  | 144                | 51,953               | 19,931                         | 425,185 | 63.8  | 176        | 60,481   | 32,062                 | 559,021  | 60.4       |
| 2                                                | 572                  | 2,224                          | 6,880   | 0.9   | 3                                                                      | 1,577                | 7,677                          | 18,836    | 1.8   | 14                                                | 5,563                | 9,465                          | 30,450    | 2.1   | 7                  | 3,400                | 7,050                          | 12,385  | 1.9   | 20         | 6,396    | 10,465                 | 33,122   | 3.6        |
| 101                                              | 20,289               | 67,044                         | 191,373 | 25.2  | 167                                                                    | 40,903               | 74,820                         | 298,142   | 29.2  | 238                                               | 58,208               | 87,976                         | 511,744   | 34.9  | 205                | 47,554               | 73,661                         | 228,420 | 34.3  | 291        | 62,867   | 83,234                 | 333,238  | 36.0       |
| 213                                              | 62,384               | 76,719                         | 766,899 | 100.0 | 299                                                                    | 89,742               | 100,028                        | 1,020,300 | 100.0 | 417                                               | 120,532              | 128,025                        | 1,465,792 | 100.0 | 356                | 102,887              | 106,642                        | 665,990 | 100.0 | 487        | 129,744  | 125,760 <sup>(2)</sup> | 925,381  | 100.0      |
| Properties developed by Jinke Property Group (1) |                      |                                |         |       | Properties developed by Jinke Property's joint ventures and associates |                      |                                |           |       | Properties developed by Independent Third Parties |                      |                                |           |       |                    |                      |                                |         |       |            |          |                        |          |            |

(1) In 2017, 2018 and 2019, and the six months ended June 30, 2019 and 2020, revenue we generated from Jinke Property Group in relation to management of such properties amounted to RMB63.2 million, RMB56.1 million, RMB61.3 million, RMB12.6 million and RMB53.3 million, respectively. During the same periods, revenue we generated from property owners and residents in relation to management of such properties amounted to RMB499.4 million, RMB647.2 million, RMB862.3 million, RMB412.6 million and RMB505.7 million, respectively.

(2) To the best estimate of our Directors, as of June 30, 2020, among our contracted but undelivered GFA of 125.8 million sq.m., approximately 20.2% were expected to be delivered by the fourth quarter of 2020, approximately 22.9% were expected to be delivered by 2021, approximately 12.4% were expected to be delivered by 2022 and approximately 44.5% were expected to be delivered by 2023.

# BUSINESS

The table below sets forth a breakdown of our total contracted GFA as of the dates indicated and the respective number of agreements as of the dates indicated, by the type of property developer:

|                                                                                               | As of December 31,   |                                           |                      |                                           | As of June 30,       |                                           |                      |                                           |
|-----------------------------------------------------------------------------------------------|----------------------|-------------------------------------------|----------------------|-------------------------------------------|----------------------|-------------------------------------------|----------------------|-------------------------------------------|
|                                                                                               | 2017                 |                                           | 2018                 |                                           | 2019                 |                                           | 2020                 |                                           |
|                                                                                               | Number of agreements | Contracted GFA<br><i>sq. m.</i><br>'000 % | Number of agreements | Contracted GFA<br><i>sq. m.</i><br>'000 % | Number of agreements | Contracted GFA<br><i>sq. m.</i><br>'000 % | Number of agreements | Contracted GFA<br><i>sq. m.</i><br>'000 % |
| Properties developed by Jinke Property Group <sup>(1)</sup> :                                 |                      |                                           |                      |                                           |                      |                                           |                      |                                           |
| – Preliminary stage for residential properties <sup>(2)</sup>                                 | 113                  | 44,993 32.3                               | 173                  | 60,329 31.8                               | 263                  | 81,978 33.0                               | 287                  | 86,824 34.0                               |
| – Property owners' association stage for residential properties <sup>(3)</sup>                | 14                   | 2,685 1.9                                 | 14                   | 2,685 1.4                                 | 15                   | 2,993 1.2                                 | 16                   | 3,341 1.3                                 |
| – Non-residential properties <sup>(4)</sup>                                                   | 13                   | 1,296 0.9                                 | 21                   | 1,780 0.9                                 | 24                   | 2,375 1.0                                 | 25                   | 2,377 0.9                                 |
| Subtotal                                                                                      | 140                  | 48,974 35.2                               | 208                  | 64,794 34.1                               | 302                  | 87,346 35.1                               | 328                  | 92,542 36.2                               |
| Properties developed by Jinke Property Group's joint ventures and associates <sup>(5)</sup> : |                      |                                           |                      |                                           |                      |                                           |                      |                                           |
| – Preliminary stage for residential properties <sup>(2)</sup>                                 | 9                    | 2,796 2.0                                 | 33                   | 9,254 4.9                                 | 54                   | 15,027 6.0                                | 63                   | 16,647 6.5                                |
| – Property owners' association stage for residential properties <sup>(3)</sup>                | –                    | –                                         | –                    | –                                         | –                    | –                                         | –                    | –                                         |
| – Non-residential properties <sup>(4)</sup>                                                   | –                    | –                                         | –                    | –                                         | –                    | –                                         | 1                    | 214 0.1                                   |
| Subtotal                                                                                      | 9                    | 2,796 2.0                                 | 33                   | 9,254 4.9                                 | 54                   | 15,027 6.0                                | 64                   | 16,861 6.6                                |
| Properties developed by Independent Third Parties <sup>(6)</sup> :                            |                      |                                           |                      |                                           |                      |                                           |                      |                                           |
| – Preliminary stage for residential properties <sup>(2)</sup>                                 | 118                  | 66,957 48.1                               | 172                  | 91,709 48.3                               | 228                  | 107,638 43.3                              | 247                  | 103,604 40.5                              |
| – Property owners' association stage for residential properties <sup>(3)</sup>                | 14                   | 3,222 2.3                                 | 23                   | 4,179 2.2                                 | 31                   | 6,187 2.5                                 | 31                   | 6,216 2.4                                 |
| – Non-residential properties <sup>(4)</sup>                                                   | 70                   | 17,154 12.3                               | 92                   | 19,836 10.5                               | 139                  | 32,359 13.0                               | 173                  | 36,281 14.2                               |
| Subtotal                                                                                      | 202                  | 87,333 62.8                               | 287                  | 115,723 61.0                              | 398                  | 146,184 58.8                              | 451                  | 146,101 57.2                              |
| <b>Total</b>                                                                                  | <b>351</b>           | <b>139,103 100.0</b>                      | <b>528</b>           | <b>189,771 100.0</b>                      | <b>754</b>           | <b>248,558 100.0</b>                      | <b>843</b>           | <b>255,504 100.0</b>                      |

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*Notes:*

- (1) Refer to properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties in which Jinke Property Group held a controlling interest.
- (2) Refer to preliminary property management service contracts entered into with property developers for the management of residential properties.
- (3) Refer to property management service contracts entered into with property owners' associations for the management of residential properties.
- (4) Refer to property management service contracts entered into with customers for the management of non-residential properties.
- (5) Refer to properties developed by Jinke Property Group's joint ventures and associates, in which Jinke Property Group did not hold a controlling interest.
- (6) Refer to properties solely developed by third-party property developers independent from Jinke Property Group. Properties developed by Independent Third Parties include government-owned buildings and other public properties.

The table below sets forth a breakdown of our total GFA under management and our total revenue as of the dates indicated and the respective number of projects as of the dates indicated, by the type of property developer:

| As of December 31,                                                                            |                      |                 |                    |                      |                 |                    |                      |                 |                     |                      |                 |         |       |           |       |     |         |       |         |       |
|-----------------------------------------------------------------------------------------------|----------------------|-----------------|--------------------|----------------------|-----------------|--------------------|----------------------|-----------------|---------------------|----------------------|-----------------|---------|-------|-----------|-------|-----|---------|-------|---------|-------|
| 2017                                                                                          |                      |                 | 2018               |                      |                 | 2019               |                      |                 | As of June 30, 2020 |                      |                 |         |       |           |       |     |         |       |         |       |
| Number of projects                                                                            | GFA under management | Revenue         | Number of projects | GFA under management | Revenue         | Number of projects | GFA under management | Revenue         | Number of projects  | GFA under management | Revenue         |         |       |           |       |     |         |       |         |       |
|                                                                                               | <i>sq.m.</i><br>'000 | <i>RMB</i> '000 | %                  | <i>sq.m.</i><br>'000 | <i>RMB</i> '000 | %                  | <i>sq.m.</i><br>'000 | <i>RMB</i> '000 | %                   | <i>sq.m.</i><br>'000 | <i>RMB</i> '000 | %       |       |           |       |     |         |       |         |       |
| Properties developed by Jinke Property Group <sup>(1)</sup> :                                 |                      |                 |                    |                      |                 |                    |                      |                 |                     |                      |                 |         |       |           |       |     |         |       |         |       |
| -Preliminary stage for residential properties <sup>(2)</sup> . . . . .                        | 86                   | 37,787          | 60.6               | 480,419              | 63.1            | 96                 | 43,002               | 47.9            | 608,808             | 59.7                 | 128             | 51,757  | 42.9  | 803,302   | 54.8  | 137 | 55,126  | 42.5  | 489,214 | 52.8  |
| -Property owners' association stage for residential properties <sup>(3)</sup> . . . . .       | 14                   | 2,685           | 4.3                | 59,149               | 7.8             | 14                 | 2,685                | 3.0             | 57,042              | 5.6                  | 15              | 2,993   | 2.5   | 66,368    | 4.5   | 16  | 3,341   | 2.6   | 36,829  | 4.0   |
| -Non-residential properties <sup>(4)</sup> . . . . .                                          | 10                   | 1,051           | 1.7                | 23,078               | 3.0             | 19                 | 1,575                | 1.8             | 37,472              | 3.7                  | 22              | 2,011   | 1.7   | 53,928    | 3.7   | 23  | 2,014   | 1.6   | 32,978  | 3.6   |
| Subtotal . . . . .                                                                            | 110                  | 41,523          | 66.6               | 562,646              | 73.9            | 129                | 47,262               | 52.7            | 703,322             | 69.0                 | 165             | 56,761  | 47.1  | 923,598   | 63.0  | 176 | 60,481  | 46.6  | 559,021 | 60.4  |
| Properties developed by Jinke Property Group's joint ventures and associates <sup>(5)</sup> : |                      |                 |                    |                      |                 |                    |                      |                 |                     |                      |                 |         |       |           |       |     |         |       |         |       |
| -Preliminary stage for residential properties <sup>(2)</sup> . . . . .                        | 2                    | 572             | 0.9                | 6,880                | 0.9             | 3                  | 1,577                | 1.8             | 18,836              | 1.8                  | 14              | 5,563   | 4.6   | 30,450    | 2.1   | 20  | 6,396   | 4.9   | 33,122  | 3.6   |
| -Property owners' association stage for residential properties <sup>(3)</sup> . . . . .       | -                    | -               | -                  | -                    | -               | -                  | -                    | -               | -                   | -                    | -               | -       | -     | -         | -     | -   | -       | -     | -       | -     |
| -Non-residential properties <sup>(4)</sup> . . . . .                                          | -                    | -               | -                  | -                    | -               | -                  | -                    | -               | -                   | -                    | -               | -       | -     | -         | -     | -   | -       | -     | -       | -     |
| Subtotal . . . . .                                                                            | 2                    | 572             | 0.9                | 6,880                | 0.9             | 3                  | 1,577                | 1.8             | 18,836              | 1.8                  | 14              | 5,563   | 4.6   | 30,450    | 2.1   | 20  | 6,396   | 4.9   | 33,122  | 3.6   |
| Properties developed by Independent Third Parties <sup>(6)</sup> :                            |                      |                 |                    |                      |                 |                    |                      |                 |                     |                      |                 |         |       |           |       |     |         |       |         |       |
| -Preliminary stage for residential properties <sup>(2)</sup> . . . . .                        | 37                   | 14,441          | 23.1               | 109,214              | 14.4            | 73                 | 29,378               | 32.7            | 164,653             | 16.1                 | 102             | 40,556  | 33.6  | 269,005   | 18.4  | 114 | 37,621  | 29.0  | 163,004 | 17.6  |
| -Property owners' association stage for residential properties <sup>(3)</sup> . . . . .       | 14                   | 3,222           | 5.2                | 45,297               | 6.0             | 21                 | 3,789                | 4.2             | 67,138              | 6.6                  | 26              | 5,021   | 4.2   | 82,346    | 5.6   | 31  | 6,216   | 4.8   | 50,554  | 5.5   |
| -Non-residential properties <sup>(4)</sup> . . . . .                                          | 50                   | 2,626           | 4.2                | 36,862               | 4.8             | 73                 | 7,736                | 8.6             | 66,351              | 6.5                  | 110             | 12,631  | 10.5  | 160,393   | 10.9  | 146 | 19,030  | 14.7  | 119,680 | 12.9  |
| Subtotal . . . . .                                                                            | 101                  | 20,289          | 32.5               | 191,373              | 25.2            | 167                | 40,903               | 45.6            | 298,142             | 29.2                 | 238             | 58,208  | 48.3  | 511,744   | 34.9  | 291 | 62,867  | 48.5  | 333,238 | 36.0  |
| Total . . . . .                                                                               | 213                  | 62,384          | 100.0              | 760,899              | 100.0           | 299                | 89,742               | 100.0           | 1,020,300           | 100.0                | 417             | 120,532 | 100.0 | 1,465,792 | 100.0 | 487 | 129,744 | 100.0 | 925,381 | 100.0 |

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*Notes:*

- (1) Refer to properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties in which Jinke Property Group held a controlling interest.
- (2) Refer to preliminary property management service contracts entered into with property developers for the management of residential properties.
- (3) Refer to property management service contracts entered into with property owners' associations for the management of residential properties.
- (4) Refer to property management service contracts entered into with customers for the management of non-residential properties.
- (5) Refer to properties developed by Jinke Property Group's joint ventures and associates, in which Jinke Property Group did not hold a controlling interest.
- (6) Refer to properties solely developed by third-party property developers independent from Jinke Property Group. Properties developed by Independent Third Parties include government-owned buildings and other public properties.

The growth in our total GFA under management and the number of projects managed by us were primarily attributable to our continuous efforts to expand our business primarily by maintaining cooperation relationship with Jinke Property Group and proactively obtaining new engagements from Independent Third Parties. We managed to grow our total GFA under management for properties developed by Independent Third Parties from 20.3 million sq.m. as of December 31, 2017 to 58.2 million sq.m. as of December 31, 2019, representing a CAGR of 69.4%. As of June 30, 2020, our total GFA under management for properties developed by Independent Third Parties reached to 62.9 million sq.m. The revenue generated from managing properties developed by Independent Third Parties increased from RMB191.4 million in 2017 to RMB511.7 million in 2019, representing a CAGR of 63.5%. In the six months ended June 30, 2020, the revenue generated from managing properties developed by Independent Third Parties amounted to RMB333.2 million. The number of our managed projects developed by Jinke Property Group grew from 110 as of December 31, 2017 to 176 as of June 30, 2020, and the number of our managed properties developed by Independent Third Parties grew from 101 as of December 31, 2017 to 291 as of June 30, 2020.

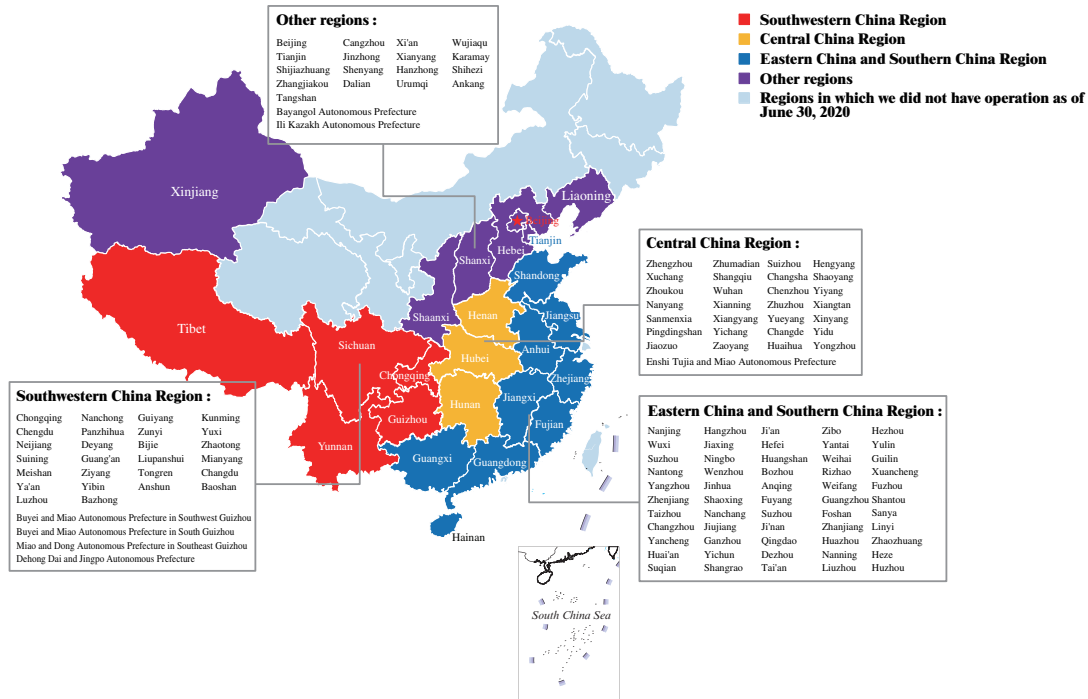
### **Our Geographical Presence**

In terms of geographical coverage, we generally seek mid-to high-end projects located in cities of the PRC with high-growth economies in recent years and high per capita income, located in our three major regions as well as other regions in the PRC. Our three major regions include the Southwestern China Region, the Eastern and Southern China Region and the Central China Region. As of June 30, 2020, our property management services covered 133 cities in 24 provinces, municipalities and autonomous regions in the PRC.



## BUSINESS

The map below illustrates the cities in which we had projects under management and contracted but undelivered projects as of June 30, 2020:



## BUSINESS

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

|                    | As of or for the year ended December 31, |         |                    |                      | As of or for the six months ended June 30, |                    |                      |         |
|--------------------|------------------------------------------|---------|--------------------|----------------------|--------------------------------------------|--------------------|----------------------|---------|
|                    | 2017                                     |         | 2018               |                      | 2019                                       |                    | 2019                 |         |
| Number of projects | GFA under management                     | Revenue | Number of projects | GFA under management | Revenue                                    | Number of projects | GFA under management | Revenue |
| Number             | sq.m.'000                                | RMB'000 | %                  | sq.m.'000            | RMB'000                                    | %                  | sq.m.'000            | RMB'000 |
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## BUSINESS

*Notes:*

- (1) Provinces, municipalities and autonomous regions in which we provide property management services to projects in the Southwestern China Region include Sichuan province, Guizhou province, Yunnan province, Tibet Autonomous Region and Chongqing municipality.
- (2) Provinces, municipalities and autonomous regions in which we provide property management services to projects in the Eastern and Southern China Region include Jiangsu province, Zhejiang province, Fujian province, Jiangxi province, Shandong province, Anhui province, Guangdong province, Hainan province, Guangxi Zhuang Autonomous Region and Shanghai municipality.
- (3) Provinces, municipalities and autonomous regions in which we provide property management services to projects in the Central China Region include Henan province, Hubei province and Hunan province.
- (4) Provinces, municipalities and autonomous regions in which we provide property management services to projects in other regions include Hebei province, Shanxi province, Shaanxi province, Gansu province, Qinghai province, Liaoning province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region, Beijing and Tianjin municipalities.

As of June 30, 2020, our total contracted GFA of undelivered projects, which refer to projects for which we entered into preliminary property management service agreements but are not yet delivered to us for management pursuant to the terms therein was approximately 125.8 million sq.m. The table below sets forth the expiration schedule of our property management service agreements for contracted GFA and contracted but undelivered GFA as of June 30, 2020:

|                                                                                     | Contracted GFA   |              | Number of agreements |              | Contracted but undelivered GFA |              | Number of agreements |              |
|-------------------------------------------------------------------------------------|------------------|--------------|----------------------|--------------|--------------------------------|--------------|----------------------|--------------|
|                                                                                     | <i>sq.m.'000</i> | <i>%</i>     | <i>Number</i>        | <i>%</i>     | <i>sq.m.'000</i>               | <i>%</i>     | <i>Number</i>        | <i>%</i>     |
| Property management service agreements without fixed terms <sup>(1)</sup> . . . . . | 186,262          | 72.9         | 537                  | 63.7         | 107,642                        | 85.6         | 312                  | 87.6         |
| Property management service agreements with fixed terms expiring in:                |                  |              |                      |              |                                |              |                      |              |
| — year ending                                                                       |                  |              |                      |              |                                |              |                      |              |
| December 31, 2020 . . . .                                                           | 24,814           | 9.7          | 128                  | 15.2         | 3,225                          | 2.6          | 5                    | 1.4          |
| — year ending                                                                       |                  |              |                      |              |                                |              |                      |              |
| December 31, 2021 . . . .                                                           | 19,899           | 7.8          | 77                   | 9.1          | 6,438                          | 5.1          | 7                    | 2.0          |
| — year ending                                                                       |                  |              |                      |              |                                |              |                      |              |
| December 31, 2022 and beyond . . . . .                                              | 24,529           | 9.6          | 101                  | 12.0         | 8,455                          | 6.7          | 32                   | 9.0          |
| <b>Subtotal</b> . . . . .                                                           | <b>69,242</b>    | <b>27.1</b>  | <b>306</b>           | <b>36.3</b>  | <b>18,118</b>                  | <b>14.4</b>  | <b>44</b>            | <b>12.4</b>  |
| <b>Total</b> . . . . .                                                              | <b>255,504</b>   | <b>100.0</b> | <b>843</b>           | <b>100.0</b> | <b>125,760</b>                 | <b>100.0</b> | <b>356</b>           | <b>100.0</b> |

## BUSINESS

*Note:*

- (1) Property management service agreements without fixed terms are typically (i) agreements entered into with property developers before a property owners' association is set up, and (ii) agreements entered into with certain property developers, owners or residents with whom we had property management service agreements that had fixed terms, but such terms expired and will generally terminate once a property owners' association has been set up and a new property management service agreement between such property owners' association and a property management company becomes effective. Our property management service agreements with fixed terms typically provide that if the terms expired and (i) the property owners' association is not established, or (ii) the property owners' association was established but has not entered into property management services agreements with other property management company, the term will renew until the property owners' association enter into a new property management service agreement. We face certain risks if such property management agreements are terminated or not renewed. Please see "Risk Factors—Risks Relating to Our Business and Industry—We cannot assure you that we can secure new or renew our existing property management service contracts with property developers or other entities on favorable terms, or at all" for further discussion.

As of June 30, 2020, among our contracted but undelivered GFA of 125.8 million sq.m., approximately 20.2% were expected to be delivered by the fourth quarter of 2020, approximately 22.9% were expected to be delivered by 2021, approximately 12.4% were expected to be delivered by 2022 and approximately 44.5% were expected to be delivered by 2023.

For the years ended December 31, 2017, 2018 and 2019, and the six months ended June 30, 2020, our retention rate was approximately 94.6%, 96.0%, 97.0% and 98.9%, respectively. We had not been retained for all the projects that we were previously contracted for management primarily due to (i) our voluntary withdrawal based on our internal assessment on relevant projects' profitability and, (ii) to a lesser extent, resulting from the termination of our customers for two main reasons, which, to the best of our Directors' knowledge and belief, were (x) preference on the part of the customer to discontinue outsourcing the property management service and (y) the fact that the relevant services that we had provided were no longer required by the customers.

The table below sets forth our retention rate for the projects under our management for the Track Record Period:

|                                          | <b>Number of<br/>property<br/>management<br/>service<br/>agreements<br/>that were<br/>effective at<br/>the end of<br/>the period</b> | <b>Number of<br/>property<br/>management<br/>service<br/>agreements<br/>that existed<br/>during the<br/>period</b> | <b>Retention<br/>rate</b> |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------|
| The year ended December 31, 2017 . . .   | 351                                                                                                                                  | 371                                                                                                                | 94.6%                     |
| The year ended December 31, 2018 . . .   | 528                                                                                                                                  | 550                                                                                                                | 96.0%                     |
| The year ended December 31, 2019 . . .   | 754                                                                                                                                  | 777                                                                                                                | 97.0%                     |
| The six months ended June 30, 2020 . . . | 843                                                                                                                                  | 852                                                                                                                | 98.9%                     |

### Scope of Services

We provide the following major categories of property management services:

- *Cleaning services.* To provide a clean environment for our customers, we provide cleaning services for property units and common areas which may include staircases, hallways, clubhouses and basements. We generally provide such services through third-party sub-contractors.
- *Security services.* To ensure the safety of the properties we manage, we provide the security services on a daily basis, including, among others, patrolling, video surveillance, car park security, emergency response, entry control and visitor management. We provide our security services primarily through third-party sub-contractors and technological solutions such as surveillance systems.
- *Greening services.* To provide and maintain quality landscapes in the communities we manage, we provide regular greening services for common areas of the communities. We generally delegate such services to third-party sub-contractors.
- *Repair and maintenance services.* We provide repair and maintenance services to ensure the elevator systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems and other facilities and common area equipment in the properties we manage are in good working order. We provide repair and maintenance services through our employees and third-party sub-contractors.
- *Public area maintenance.* We provide daily maintenance of public area, such as staircase, hallways, clubhouses and public gardens.
- *Other property management-related services.* We also provide other property management related services. For example, we keep and update records in relation to property owners and residents.

While providing our property management services, we respond to and record complaints and feedback on our services. Please see “—Quality Control” in this section for more details. As of June 30, 2020, we engaged 278 selected third-party sub-contractors to provide certain property management services, mainly including cleaning services, security services, greening services and repair and maintenance services.

### **Portfolio of Properties under Management**

We manage a diversified portfolio of properties, comprising residential properties and non-residential properties. Our non-residential properties include (i) public and other properties, such as governmental facilities, educational institutions and hospitals, (ii) commercial properties and office buildings and (iii) industrial parks. While residential properties have generated and are expected to continue to generate a large portion of our revenue, we continuously seek to provide diversified service offerings to non-residential properties and to increase the proportion of such in our portfolio as part of our efforts to diversify our streams of income. As a result, the proportion of our revenue generated from non-residential projects to our total revenue generated from managing properties increased from 7.9% in 2017 to 10.2% in 2018, and to 14.6% in 2019 and further to 16.5% in the six months ended June 30, 2020, respectively. We believe that, as we accumulate experience and recognition for the quality of our property management services to both residential and non-residential properties, we will be able to continue to diversify our portfolio of properties under management and further enlarge our customer base.

As of or for the six months ended June 30,

|                                                                  | As of or for the year ended December 31, |         |                    |              |                     |                      |         |                    |              |                     | As of or for the six months ended June 30, |         |                    |              |                     |                      |         |                    |              |                     |           |         |         |           |         |         |           |         |         |           |
|------------------------------------------------------------------|------------------------------------------|---------|--------------------|--------------|---------------------|----------------------|---------|--------------------|--------------|---------------------|--------------------------------------------|---------|--------------------|--------------|---------------------|----------------------|---------|--------------------|--------------|---------------------|-----------|---------|---------|-----------|---------|---------|-----------|---------|---------|-----------|
|                                                                  | 2017                                     |         |                    |              |                     | 2018                 |         |                    |              |                     | 2019                                       |         |                    |              |                     | 2019                 |         |                    |              |                     |           |         |         |           |         |         |           |         |         |           |
|                                                                  | GFA under management                     | Revenue | Number of projects | Gross Profit | Gross Profit Margin | GFA under management | Revenue | Number of projects | Gross Profit | Gross Profit Margin | GFA under management                       | Revenue | Number of projects | Gross Profit | Gross Profit Margin | GFA under management | Revenue | Number of projects | Gross Profit | Gross Profit Margin |           |         |         |           |         |         |           |         |         |           |
|                                                                  |                                          |         |                    |              |                     |                      |         |                    |              |                     |                                            |         |                    |              |                     |                      |         |                    |              |                     | sq.m.'000 | RMB'000 | %       | sq.m.'000 | RMB'000 | %       | sq.m.'000 | RMB'000 | %       | sq.m.'000 |
| (unaudited)                                                      |                                          |         |                    |              |                     |                      |         |                    |              |                     |                                            |         |                    |              |                     |                      |         |                    |              |                     |           |         |         |           |         |         |           |         |         |           |
| Residential properties <sup>(1)</sup>                            |                                          |         |                    |              |                     |                      |         |                    |              |                     |                                            |         |                    |              |                     |                      |         |                    |              |                     |           |         |         |           |         |         |           |         |         |           |
| — Jinke Property Group . . . . .                                 | 40,472                                   | 539,568 | 70.9               | 100          | 114,440             | 21.2                 | 45,688  | 665,830            | 65.3         | 110                 | 139,576                                    | 21.0    | 54,730             | 869,670      | 59.3                | 143                  | 188,525 | 21.7               | 50,351       | 395,625             | 59.4      | 123     | 89,594  | 22.6      | 58,467  | 521,535 | 56.4      | 153     | 147,332 | 28.2      |
| — Jinke Property Group's joint ventures and associates . . . . . | 572                                      | 6,880   | 0.9                | 2            | 1,458               | 21.2                 | 1,577   | 18,836             | 1.8          | 3                   | 3,978                                      | 21.1    | 5,563              | 30,450       | 2.1                 | 14                   | 6,547   | 21.5               | 3,400        | 16,793              | 2.5       | 7       | 3,731   | 22.2      | 6,396   | 37,629  | 4.1       | 20      | 10,727  | 28.5      |
| — Independent Third Parties . . . . .                            | 17,663                                   | 154,511 | 20.3               | 51           | 32,607              | 21.1                 | 33,166  | 231,791            | 22.7         | 94                  | 34,018                                     | 14.7    | 45,577             | 351,351      | 24.0                | 128                  | 74,768  | 21.3               | 36,513       | 164,445             | 24.7      | 113     | 34,616  | 21.1      | 43,837  | 213,450 | 23.1      | 145     | 52,270  | 24.5      |
| Subtotal . . . . .                                               | 58,707                                   | 700,959 | 92.1               | 153          | 148,505             | 21.2                 | 80,431  | 916,477            | 89.8         | 207                 | 177,572                                    | 19.4    | 105,890            | 1,251,471    | 85.4                | 285                  | 269,840 | 21.6               | 90,264       | 576,863             | 86.6      | 243     | 127,941 | 22.2      | 108,700 | 772,723 | 83.5      | 318     | 210,329 | 27.2      |
| Non-residential properties <sup>(2)</sup>                        |                                          |         |                    |              |                     |                      |         |                    |              |                     |                                            |         |                    |              |                     |                      |         |                    |              |                     |           |         |         |           |         |         |           |         |         |           |
| — Commercial properties and office buildings . . . . .           | 1,922                                    | 23,583  | 3.1                | 45           | 5,903               | 25.0                 | 3,327   | 44,147             | 4.3          | 68                  | 11,391                                     | 25.8    | 4,766              | 91,915       | 6.3                 | 85                   | 24,117  | 26.2               | 4,481        | 38,922              | 5.9       | 79      | 10,047  | 25.8      | 5,749   | 60,128  | 6.5       | 92      | 20,937  | 34.8      |
| — Jinke Property Group . . . . .                                 | 270                                      | 22,172  | 2.9                | 8            | 5,705               | 25.7                 | 794     | 33,883             | 3.3          | 17                  | 9,768                                      | 29.1    | 821                | 51,035       | 3.5                 | 19                   | 13,544  | 26.5               | 821          | 18,666              | 2.8       | 19      | 5,143   | 27.6      | 823     | 25,348  | 2.7       | 20      | 9,626   | 38.0      |
| — Jinke Property Group's joint ventures and associates . . . . . | —                                        | —       | —                  | —            | —                   | —                    | —       | —                  | —            | —                   | —                                          | —       | —                  | —            | —                   | —                    | —       | —                  | —            | —                   | —         | —       | —       | —         | —       | —       | —         | —       | —       | —         |
| — Independent Third Parties . . . . .                            | 1,652                                    | 1,411   | 0.2                | 37           | 198                 | 14.0                 | 2,433   | 10,264             | 1.0          | 51                  | 1,623                                      | 15.4    | 3,445              | 40,880       | 2.8                 | 66                   | 10,573  | 25.9               | 3,660        | 20,256              | 3.0       | 60      | 4,904   | 24.2      | 4,926   | 34,780  | 3.8       | 72      | 11,311  | 32.5      |
| — Public and other properties . . . . .                          | 959                                      | 27,828  | 3.7                | 6            | 4,827               | 17.3                 | 3,862   | 45,733             | 4.5          | 11                  | 8,222                                      | 18.1    | 6,222              | 80,677       | 5.5                 | 23                   | 14,828  | 18.4               | 5,092        | 35,512              | 5.3       | 17      | 6,988   | 19.6      | 8,990   | 58,674  | 6.3       | 36      | 15,553  | 26.5      |
| — Jinke Property Group . . . . .                                 | 237                                      | 392     | 0.1                | 1            | 165                 | 42.1                 | 237     | 453                | —            | 1                   | 313                                        | 69.1    | 237                | 453          | —                   | 1                    | 288     | 63.6               | 237          | 226                 | —         | 1       | 145     | 64.2      | 237     | 226     | —         | 1       | 145     | 64.2      |
| — Jinke Property Group's joint ventures and associates . . . . . | —                                        | —       | —                  | —            | —                   | —                    | —       | —                  | —            | —                   | —                                          | —       | —                  | —            | —                   | —                    | —       | —                  | —            | —                   | —         | —       | —       | —         | —       | —       | —         | —       | —       | —         |
| — Independent Third Parties . . . . .                            | 722                                      | 27,436  | 3.6                | 5            | 4,662               | 17.0                 | 3,625   | 44,920             | 4.4          | 10                  | 7,909                                      | 17.6    | 5,985              | 80,224       | 5.5                 | 22                   | 14,540  | 18.1               | 4,855        | 35,285              | 5.3       | 16      | 6,823   | 19.3      | 8,753   | 58,448  | 6.3       | 35      | 15,408  | 26.4      |
| — Industrial parks . . . . .                                     | 796                                      | 8,529   | 1.1                | 9            | 2,461               | 28.9                 | 2,222   | 14,303             | 1.4          | 13                  | 3,405                                      | 23.8    | 4,154              | 41,729       | 2.8                 | 24                   | 9,980   | 23.9               | 3,050        | 14,694              | 2.2       | 17      | 3,432   | 23.4      | 6,305   | 33,856  | 3.7       | 41      | 10,837  | 32.0      |
| — Jinke Property Group . . . . .                                 | 544                                      | 514     | 0.1                | 1            | 163                 | 31.7                 | 544     | 3,436              | 0.3          | 1                   | 825                                        | 24.0    | 954                | 2,440        | 0.2                 | 2                    | 594     | 24.3               | 544          | 6,259               | 0.9       | 1       | 1,302   | 24.0      | 954     | 7,404   | 0.8       | 2       | 2,569   | 34.7      |
| — Jinke Property Group's joint ventures and associates . . . . . | —                                        | —       | —                  | —            | —                   | —                    | —       | —                  | —            | —                   | —                                          | —       | —                  | —            | —                   | —                    | —       | —                  | —            | —                   | —         | —       | —       | —         | —       | —       | —         | —       | —       | —         |
| — Independent Third Parties . . . . .                            | 252                                      | 8,015   | 1.1                | 8            | 2,298               | 28.7                 | 1,678   | 10,867             | 1.1          | 12                  | 2,580                                      | 23.7    | 3,200              | 39,289       | 2.7                 | 22                   | 9,386   | 23.9               | 2,506        | 8,435               | 1.3       | 16      | 1,930   | 22.9      | 5,351   | 26,452  | 2.9       | 39      | 8,268   | 31.3      |
| Subtotal . . . . .                                               | 3,677                                    | 59,940  | 7.9                | 60           | 13,191              | 22.0                 | 9,311   | 103,823            | 10.2         | 92                  | 23,018                                     | 22.2    | 14,642             | 214,321      | 14.6                | 132                  | 48,925  | 22.8               | 12,623       | 89,127              | 13.4      | 113     | 20,447  | 22.9      | 21,044  | 152,658 | 16.5      | 169     | 47,327  | 31.0      |
| Total . . . . .                                                  | 62,384                                   | 760,899 | 100.0              | 213          | 161,696             | 21.3                 | 89,742  | 1,020,300          | 100.0        | 299                 | 200,590                                    | 19.7    | 120,532            | 1,465,792    | 100.0               | 417                  | 318,765 | 21.7               | 102,887      | 665,990             | 100.0     | 356     | 148,388 | 22.3      | 129,744 | 925,381 | 100.0     | 487     | 257,656 | 27.8      |



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### Notes:

- (1) In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the proportion of our revenue generated from managing residential properties developed by Jinke Property Group to our total revenue generated from managing residential properties was 68.5%, 66.4%, 64.2%, 70.5% and 68.1%, respectively. The proportion of our revenue generated from managing residential properties developed by Independent Third Parties to our total revenue generated from managing residential properties was 30.5%, 31.5%, 33.4%, 27.6% and 27.6%, respectively, for the same periods.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, the proportion of our GFA under management for residential properties developed by Jinke Property Group to our total GFA under management for residential properties was 68.9%, 56.8%, 51.7% and 53.8%, respectively. The proportion of our GFA under management for residential properties developed by Independent Third Parties to our total GFA under management for residential properties was 30.1%, 41.2%, 43.0% and 40.3%, respectively, as of the same dates.

- (2) In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the proportion of our revenue generated from managing non-residential properties developed by Jinke Property Group to our total revenue generated from managing non-residential properties was 38.5%, 35.9%, 25.2%, 21.4% and 21.6%, respectively. The proportion of our revenue generated from managing non-residential properties developed by Independent Third Parties to our total revenue generated from managing non-residential properties was 61.5%, 64.1%, 74.8%, 78.6% and 78.4%, respectively, for the same periods.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, the proportion of our GFA under management for non-residential properties developed by Jinke Property Group to our total GFA under management for non-residential properties was 28.6%, 16.9%, 13.7% and 9.6%, respectively. The proportion of our GFA under management for non-residential properties developed by Independent Third Parties to our total GFA under management for non-residential properties was 71.4%, 83.1%, 86.3% and 90.4%, respectively, as of the same dates.

During the Track Record Period, we generated a substantial portion of our revenue from managing residential properties. Our revenue from providing property management services for residential properties increased from RMB701.0 million for the year ended December 31, 2017 to RMB1,251.5 million for the year ended December 31, 2019. Our revenue from providing property management services for residential properties increased from RMB576.9 million for the six months ended June 30, 2019 to RMB772.7 million the six months ended June 30, 2020. Our total GFA under management for residential properties grew from approximately 58.7 million sq.m. as of December 31, 2017 to approximately 108.7 million sq.m. as of June 30, 2020.

The gross profit margin of non-residential properties were generally higher than that of residential properties during the Track Record Period. Please see “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin—Property Management Services” for details. The commercial properties and industrial parks had a relatively higher gross profit margin than that of public and other properties, such as educational institutions and hospitals, primarily because the cost of sales of public and other properties, in particular the educational institutions and hospitals, were generally higher than that of industrial parks which in general had lower maintenance expense during the Track Record Period. Please see “—Property Management Fees” for further details. The gross profit margin of our property management services for residential properties increased from the first half of 2019 to the same period in 2020 primarily because (i) an increase in the total GFA under management, and the fact that the increase in GFA under management for residential properties developed by Jinke Property Group and its joint ventures and associates were mid to high-end properties which had relatively higher gross profit margin, (ii) a general increase in our parking lot management fee at certain of the residential properties, and (iii) the fact that we received certain social

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insurance contribution exemptions for our employees from local governments as part of the COVID-19 pandemic relief measures which helped to keep our employee benefits expenses low. The gross profit margins of our property management services for each type of non-residential properties also increased from the first half of 2019 to the same period of 2020, primarily because (i) the fact that we benefitted from the above-mentioned social insurance contribution exemptions for our employees servicing non-residential properties which kept the employee benefits expenses low and (ii) the increases in total GFA under our management for most types of the non-residential properties, and the fact that a material portion of the non-residential properties delivered in the first half of 2020 were commercial properties, office building and industrial parks with relatively higher gross profit margin.

### Growth of Our Project Portfolio

As of December 31, 2017, 2018 and 2019 and June 30, 2020, we had 213, 299, 417 and 487 projects under management, respectively, among which 101, 167, 238 and 291, respectively, were developed by Independent Third Parties. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our total GFA under management was approximately 62.4 million sq.m., 89.7 million sq.m., 120.5 million sq.m. and 129.7 million sq.m., respectively, among which approximately 20.3 million sq.m., 40.9 million sq.m., 58.2 million sq.m. and 62.9 million sq.m., respectively, were developed by Independent Third Parties. We have been growing our project portfolio during the Track Record Period primarily by obtaining new property management service agreements. Going forward, we intend to continue to increase our business scale and market share through long-term cooperation with Jinke Property Group and organic growth as well as strategic investment and acquisition. Please see “—Business Strategies—Focus on core regions, solidify our leading market position through expansion in geographical coverage and business scale” in this section for more information.

We have been able to secure the projects from Independent Third Parties by our consistent adherence to quality services and our well-established brand recognition. During the Track Record Period, we have been expanding our business to Independent Third Parties through the organic growth, and to a lesser extent, acquisitions of other property management companies and none of these acquired companies was loss-making at the time of acquisition. The table below sets forth the revenue generated from our property management services to properties developed by Independent Third Parties by acquisition and organic growth during the Track Record Period:

|                                         | For the year ended December 31, |              |                |              |                |              | For the six months ended June 30, |              |                |              |
|-----------------------------------------|---------------------------------|--------------|----------------|--------------|----------------|--------------|-----------------------------------|--------------|----------------|--------------|
|                                         | 2017                            |              | 2018           |              | 2019           |              | 2019                              |              | 2020           |              |
|                                         | Revenue                         |              | Revenue        |              | Revenue        |              | Revenue                           |              | Revenue        |              |
|                                         | RMB'000                         | %            | RMB'000        | %            | RMB'000        | %            | RMB'000                           | %            | RMB'000        | %            |
| Acquisition <sup>(1)</sup> . . . . .    | 9,705                           | 5.1          | 9,216          | 3.1          | 8,019          | 1.6          | 4,012                             | 1.8          | 3,892          | 1.2          |
| Organic Growth <sup>(2)</sup> . . . . . | 181,668                         | 94.9         | 288,926        | 96.9         | 503,725        | 98.4         | 224,408                           | 98.2         | 329,346        | 98.8         |
| <b>Total</b> . . . . .                  | <b>191,373</b>                  | <b>100.0</b> | <b>298,142</b> | <b>100.0</b> | <b>511,744</b> | <b>100.0</b> | <b>228,420</b>                    | <b>100.0</b> | <b>333,238</b> | <b>100.0</b> |

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### Notes:

- (1) Refer to the projects that were contracted or under management by the relevant company before our acquisition.
- (2) Refers to the projects from Independent Third Parties that were obtained by us without acquisition, including the projects gained through acquired companies after their acquisition.

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

|                                                | As of or for the year ended December 31, |         |                           |         |                      |         |                           |         |                      |         |                           |         | As of or for the six months ended June 30 2020, |         |                           |         |
|------------------------------------------------|------------------------------------------|---------|---------------------------|---------|----------------------|---------|---------------------------|---------|----------------------|---------|---------------------------|---------|-------------------------------------------------|---------|---------------------------|---------|
|                                                | 2017                                     |         |                           |         | 2018                 |         |                           |         | 2019                 |         |                           |         |                                                 |         |                           |         |
|                                                | Contracted projects                      |         | Projects under management |         | Contracted projects  |         | Projects under management |         | Contracted projects  |         | Projects under management |         | Contracted projects                             |         | Projects under management |         |
|                                                | Number of agreements                     | GFA     | Number of projects        | GFA     | Number of agreements | GFA     | Number of projects        | GFA     | Number of agreements | GFA     | Number of projects        | GFA     | Number of agreements                            | GFA     | Number of projects        | GFA     |
|                                                |                                          |         |                           |         |                      |         |                           |         |                      |         |                           |         |                                                 |         |                           |         |
| (sq.m.'000, except for number of projects)     |                                          |         |                           |         |                      |         |                           |         |                      |         |                           |         |                                                 |         |                           |         |
| As of the beginning of the year/period . . . . | 303                                      | 94,754  | 132                       | 43,298  | 351                  | 139,103 | 213                       | 62,384  | 528                  | 189,771 | 299                       | 89,742  | 754                                             | 248,558 | 417                       | 120,532 |
| New engagements <sup>(2)</sup> . . . .         | 68                                       | 46,637  | 101                       | 21,374  | 199                  | 56,655  | 108                       | 33,346  | 249                  | 65,249  | 141                       | 37,252  | 98                                              | 13,400  | 79                        | 15,666  |
| Terminations <sup>(3)</sup> . . . .            | (20)                                     | (2,288) | (20)                      | (2,288) | (22)                 | (5,988) | (22)                      | (5,988) | (23)                 | (6,462) | (23)                      | (6,462) | (9)                                             | (6,454) | (9)                       | (6,454) |
| As of the end of the year/period . . . .       | 351                                      | 139,103 | 213                       | 62,384  | 528                  | 189,771 | 299                       | 89,742  | 754                  | 248,558 | 417                       | 120,532 | 843                                             | 255,504 | 487                       | 129,744 |

### Notes:

- (1) Include projects under management and projects contracted but not yet delivered to us for property management.
- (2) Primarily include preliminary property management service agreements for new projects developed by property developers and property management service agreements we entered into with Independent Third Parties or home owners' associations. The renewed agreements are not regarded as the new engagements that we entered into during such year/period. The newly engaged GFA under management includes the newly delivered GFA we contracted in previous year/period.
- (3) Mainly include our non-renewal of certain property management service agreements as we reallocated our resources to more profitable engagements to optimize our overall project portfolio. The terminated projects contributed to approximately 0.8%, 0.6%, 0.8% and 0.8% of our total revenue for 2017, 2018, 2019 and the first half of 2020 (up to the termination year of the projects), respectively, and approximately (0.1)%, 0.4%, 0.1% and 0.7% of our total gross profit for the same periods, respectively. The overall gross profit margins of the projects that were terminated by us during the Track Record Period were generally lower than the average gross profit margins of the projects of the same type of properties.

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### Property Management Fees

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the average property management fee rate charged for the residential properties we manage was approximately RMB2.2 per sq.m./month, RMB2.1 per sq.m./month, RMB2.2 per sq.m./month, RMB2.2 per sq.m./month and RMB2.2 per sq.m./month, respectively. We typically charge property management fees for the non-residential properties we manage based on a fixed annual contract amount.

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

|                                                                                        | For the year ended December 31, |             |             | For the six months ended June 30, |             |
|----------------------------------------------------------------------------------------|---------------------------------|-------------|-------------|-----------------------------------|-------------|
|                                                                                        | 2017                            | 2018        | 2019        | 2019                              | 2020        |
|                                                                                        | <i>RMB per sq.m. per month</i>  |             |             |                                   |             |
| Properties developed by Jinke Property Group . . . . .                                 | 2.40                            | 2.36        | 2.38        | 2.37                              | 2.39        |
| Properties developed by Jinke Property Group's joint ventures and associates . . . . . | 3.16                            | 2.74        | 2.80        | 2.74                              | 2.82        |
| Properties developed by Independent Third Parties . . . . .                            | 1.59                            | 1.65        | 1.66        | 1.67                              | 1.66        |
| <b>Overall average property management fee . . . . .</b>                               | <b>2.20</b>                     | <b>2.14</b> | <b>2.17</b> | <b>2.17</b>                       | <b>2.18</b> |

Our average property management fees for property management services provided to the residential properties developed by Jinke Property Group and its joint ventures and associates were higher than those of the residential properties developed by Independent Third Parties during the Track Record Period, primarily because of the following:

- (i) the residential properties developed by Jinke Property Group and its joint ventures and associates that were under our management during the Track Record Period generally targeted at high-end and mid- to high-end properties with higher service standard and requirements. Based on our assessment using criteria generally adopted in the PRC market for assessing property types<sup>(1)</sup>, there is a significant larger portion of high-end or mid- to high-end properties that were managed by us among the residential properties developed by Jinke Property Group and its joint ventures or associates, as compared to Independent Third Parties. In addition, we also managed certain public rental and low-rent properties, which generally had lower service standards and requirements, which were all developed by Independent Third Parties. According to CIA, high-end and mid- to high-end residential properties generally have higher service standards and/or requirements as compared to residential properties that are of the lower end, and the average property management fees charged by and for the former type were generally higher given the more demanding service standards and/or requirements;

- (ii) a larger portion of residential properties developed by Jinke Property Group and its joint ventures and associates were located in the first-tier cities and new first-tier cities, as compared to Independent Third Parties. According to CIA, the average property management fee for property management service to residential properties located in the first-tier cities and new first-tier cities in the PRC was generally higher than that in the second-tier cities and third-to-fifth-tier cities; and
- (iii) a larger portion of the residential properties developed by Jinke Property Group and managed by us were more mature given the longer management history with us, and given that a more mature property generally would have fewer vacant units, resulted in higher average property management fees as compared to those properties developed by Independent Third Parties and managed by us. The vacant units, pursuant to the relevant preliminary property management agreement, are generally not charged the same as an unit that has been occupied, as the parties would generally negotiate as to the property management fees charged for vacant units at the property and agree on a discounted property management fee for such units. As such, the residential properties with fewer vacant units generally resulted in a higher average property management fee than those with more vacant units.

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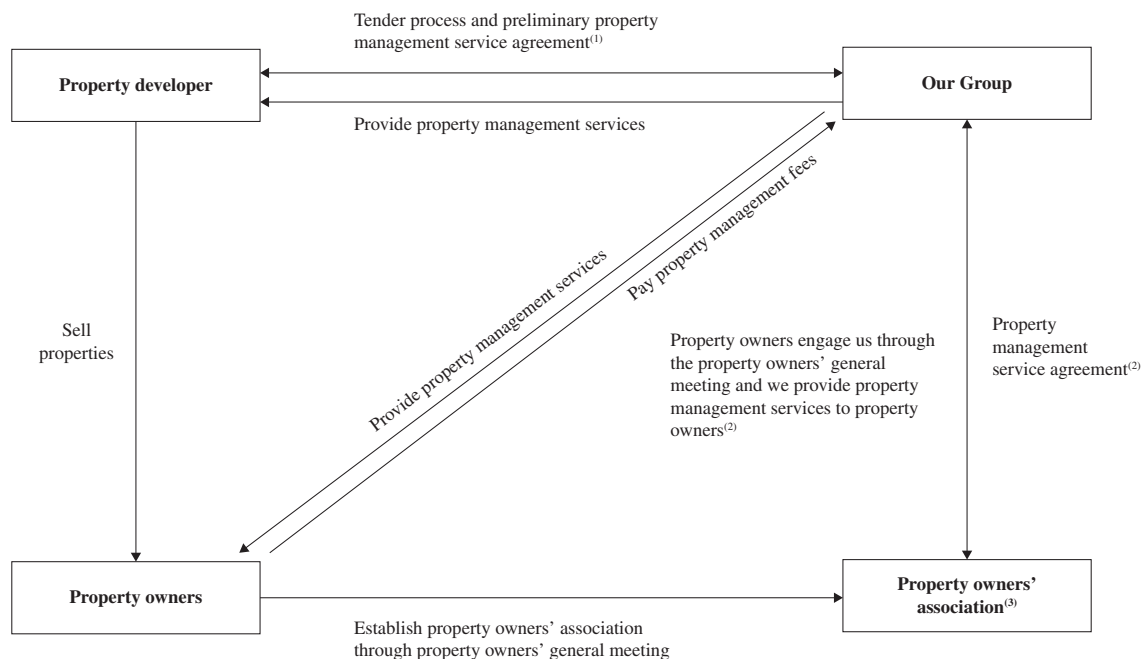
*Note:*

- (1) According to CIA, our criteria for classification of residential properties, including but not limited to (i) high-end property, which has a plot ratio of less than 1.5; (ii) mid- to high-end property, which has a plot ratio ranging from 1.5 to 2.5; (iii) mid-end property, which has a plot ratio of more than 2.5; and (iv) relatively low-end properties, which mainly included public rental and low-rent properties, is generally in line with the standards commonly adopted for assessing property types for the property management industry in the PRC market.

A large number of the non-residential properties that were under our management during the Track Record Period, such as certain hospitals and educational institutions, were charged on a fixed annual contract amount. The property management fees charged under such agreements did not directly correspond to the actual GFA under our management, as they mainly reflected key factors such as the technical expertise required to service the property and service standards required for the type of property. Accordingly, the average property management fees for non-residential properties calculated as the relevant revenue divided by GFA under management would not accurately reflect the financial aspect of the property management services provided by us to non-residential properties during the Track Record Period and therefore are not presented herein.

***Residential Properties and Non-Residential Properties***

The following diagram illustrates our relationships with various parties under when we provide property management services for residential properties:



*Notes:*

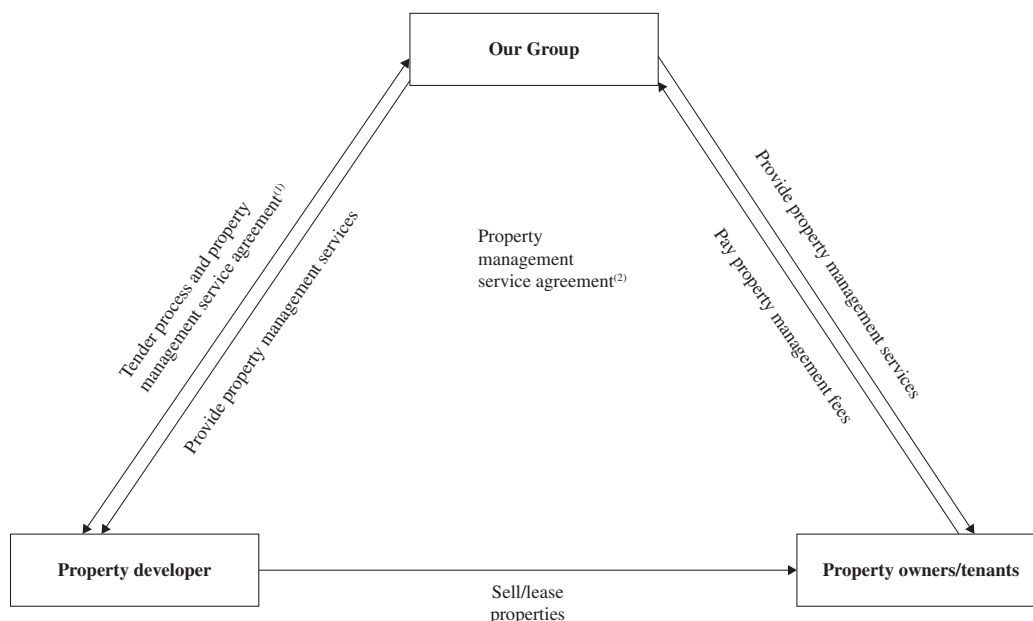
- (1) The property developer can enter into a preliminary property management service agreement with us and such agreement is legally binding on the property owners.
- (2) The property owners can select to engage us through the property owners' general meeting. Once we are selected, the property owners' general meeting can authorize the property owners' association to enter into a property management service agreement with us on behalf of the property owners and such contract is legally binding on all the property owners belonging to the relevant property.
- (3) The preliminary property management service agreement entered into between property developers and us will continue to be legally binding on all the property owners upon expiration if the property owners' association has not been established where the property owners did not hire new service provider and we continued to provide property management services.

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The following diagram illustrates our relationships with various parties under when we provide property management services for non-residential properties:



*Note:*

- (1) The property developer can enter into a property management service agreement with us and such agreement is legally binding on the property owners.
- (2) We may directly enter into property management service agreements with property owners who will pay us property management fees for the management of non-residential properties, such as hospital, education institutions and public properties.

### ***Fee Models***

The revenue generated from our property management services was charged on a lump sum basis during the Track Record Period. Please 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” for discussion of the related risks.

During the Track Record Period, we derived all of our revenue from property management service agreements on a lump sum basis. Under the lump-sum fee model, we charge a fixed and “all-inclusive” fee for our property management services which we provide through our employees and sub-contractors, and our property management fees are charged on an annually, semi-annually, quarterly or monthly basis, depending on the terms of our property management service agreements. We are entitled to retain the full amount of property management fees collected from property developers, public entities, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to CIA,



the lump-sum fee model is the prevailing method of collecting property management fees in the PRC, especially in relation to residential properties. Please see “Industry Overview—Competition” for further details.

Prior to negotiating and entering into our property management service agreements, we seek to prepare, as accurate as possible, an estimate of our cost of sales. Our cost of sales primarily includes employment benefit expenses, greening and cleaning expenses, maintenance costs, utility costs, security charges, office expenses, raw materials, community activities expenses, taxes and other levies, depreciation and amortization and others. As we bear such expenses ourselves, our profit margins are affected by our ability to lower our cost of sales. In the event that our cost of sales is higher than anticipated, we may not be able to collect additional amounts from our customers to sustain our profit margins. In such event, we may implement cost control measures, such as lower our per capita costs by optimizing resource allocation or control the labor costs by utilizing advanced technologies and sub-contract certain of our labor-intensive services. We may also try to raise property management fees by providing quality services to enhance customers’ satisfaction rates. We may also elevate our overall profitability by increasing our value-added services. If the amount of property management fee charged by us is insufficient to cover our cost of sales, we may suffer losses, as we are not entitled to collect the shortfall from our customers. Please see “Risk Factors—Risks Relating to Our Business and Industry—We may be subject to losses and decreased profit margins if we fail to effectively anticipate or control our costs in providing our property management services, as we generally charge our customers on a lump sum basis” for discussion on risks relating to the lump-sum fee model. During the Track Record Period, we had incurred material losses with respect to certain properties under our management under lump sum basis. These loss-incurring projects had a total revenue of approximately RMB6.0 million, RMB6.7 million, RMB8.9 million and RMB3.9 million for 2017, 2018, 2019 and the first half of 2020, respectively, representing approximately 0.6%, 0.4%, 0.4% and 0.3% of our total revenue for the same periods, and a total loss amount of approximately RMB1.9 million, RMB5.9 million, RMB4.5 million and RMB1.9 million for the same periods, respectively. Three of the seven projects were properties developed by Jinke Property Group while the other four were properties developed by Independent Third Parties. The property management service agreements for these projects were mostly fixed-period contracts and the remaining period left on these agreements ranged from approximately two months to three years as of June 30, 2020. We also derived revenue from the provision of our value-added services to these projects during the Track Record Period and intend to increase property management fees, revenue and profitability of these projects by optimizing the cost structure of these projects so to reduce labor costs, further diversifying our services and/or cease to manage certain properties if we deem necessary. We consider the financial impact from such loss-making projects to be insignificant going forward and expect to turn these projects around in the near future through continued and effective implementation of the above-mentioned measures. If we are unable to increase the property management fees for such loss-making projects, and are unable to make a profit for such projecting making the above-mentioned efforts, we may consider to cease managing such loss-making projects. See “Risk Factors—Risks Relating to Our Business—We may be subject to losses and decreased profit margins if we fail to effectively anticipate or control our costs in providing our property management services, as we generally charge our customers on a lump sum basis.”

**Tender Process**

Under PRC laws and regulations, property management companies are required to obtain preliminary property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders or the scale of the properties is relative small, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. In addition, pursuant to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), the non-residential property is not required to select a property management company through tender process. Please see “Regulatory Overview—Legal Supervision over Property Management Services—Appointment of Property Management Enterprises” for more information on the relevant legal requirements on tender processes.

We typically enter into a preliminary property management service agreements for residential properties developed by Jinke Property Group by going through the tender process before the establishment of property owners’ associations. Once the property owners’ associations are established, we typically enter into property management services agreements through negotiation with the property owners’ associations. The majority of our property management service agreements for residential properties developed by Independent Third Parties are obtained by participating in tenders, a process whereby property developers or property owners’ associations evaluate and select from multiple property management service providers. Invitations to tenders are usually issued by property developers for properties under development, or from property owners’ associations for residential communities that wish to replace their existing property management service providers. For non-residential properties, we secure new property management service agreements through invitation to tender or quotation, pursuant to which proposals, term sheets and/or quotes are submitted. During the Track Record Period, our bidding success rate for properties developed by Jinke Property Group was 100.0%, 98.6%, 100.0% and 100.0% for 2017, 2018, 2019 and the first half of 2020, respectively. During the Track Record Period, our bidding success rate for properties developed by Jinke Property Group’s joint ventures and associates was approximately 100.0%, 92.6%, 100.0% and 100.0% for 2017, 2018, 2019 and the first half of 2020, respectively. In 2018, certain local property management service providers were selected for the relevant projects for which that we had not secured the property management service agreements. During the Track Record Period, our bidding success rate for properties developed by Independent Third Parties was approximately 48.3%, 41.4%, 40.8% and 38.9% for 2017, 2018, 2019 and the first half of 2020, respectively. The lower bidding success rates for properties developed by Independent Third Parties as compared to those of the properties developed by Jinke Property Group or Jinke Property Group’s joint ventures or associates was primarily because we participated in a large number of tender processes during the Track Record Period as part of an effort to obtain more engagements, diversify our project portfolio and expand into new markets.

During the Track Record Period, we obtained certain of our property management service agreements for residential properties without tender process. For the year ended December 31, 2017, we obtained three property management service agreements for residential properties developed by Independent Third Parties without tender process. The revenue attributable to the three properties amounted to approximately RMB5.3 million, RMB9.3 million, RMB13.4 million and RMB6.9 million, respectively, in 2017, 2018, 2019 and the six months ended June 30, 2020. For the year ended December 31, 2018, we obtained five property management service agreements for residential properties developed by Independent Third Parties without tender process. The revenue attributable to these five properties amounted to approximately RMB4.1 million, RMB12.5 million and RMB8.0 million, respectively, in 2018, 2019 and the six months ended June 30, 2020. For the year ended December 31, 2019, we obtained two property management service agreements for residential properties developed by Independent Third Parties without tender process. The revenue attributable to the two properties amounted to approximately RMB1.9 million and RMB5.6 million, respectively, in 2019 and the six months ended June 30, 2020. For the six months ended June 30, 2020, we obtained two property management service agreements for residential properties developed by Independent Third Parties without tender process. The revenue attributable to the two properties amounted to approximately RMB0.2 million in the six months ended June 30, 2020. The lack of tender process in these cases during the Track Record Period was mainly because, to our best knowledge, the relevant third-party property developers did not organize relevant tender processes for the projects and, to a lesser extent, the projects were obtained by us through the acquisition of third-party property management companies which obtained the relevant property management service agreements without tender process in the first place.

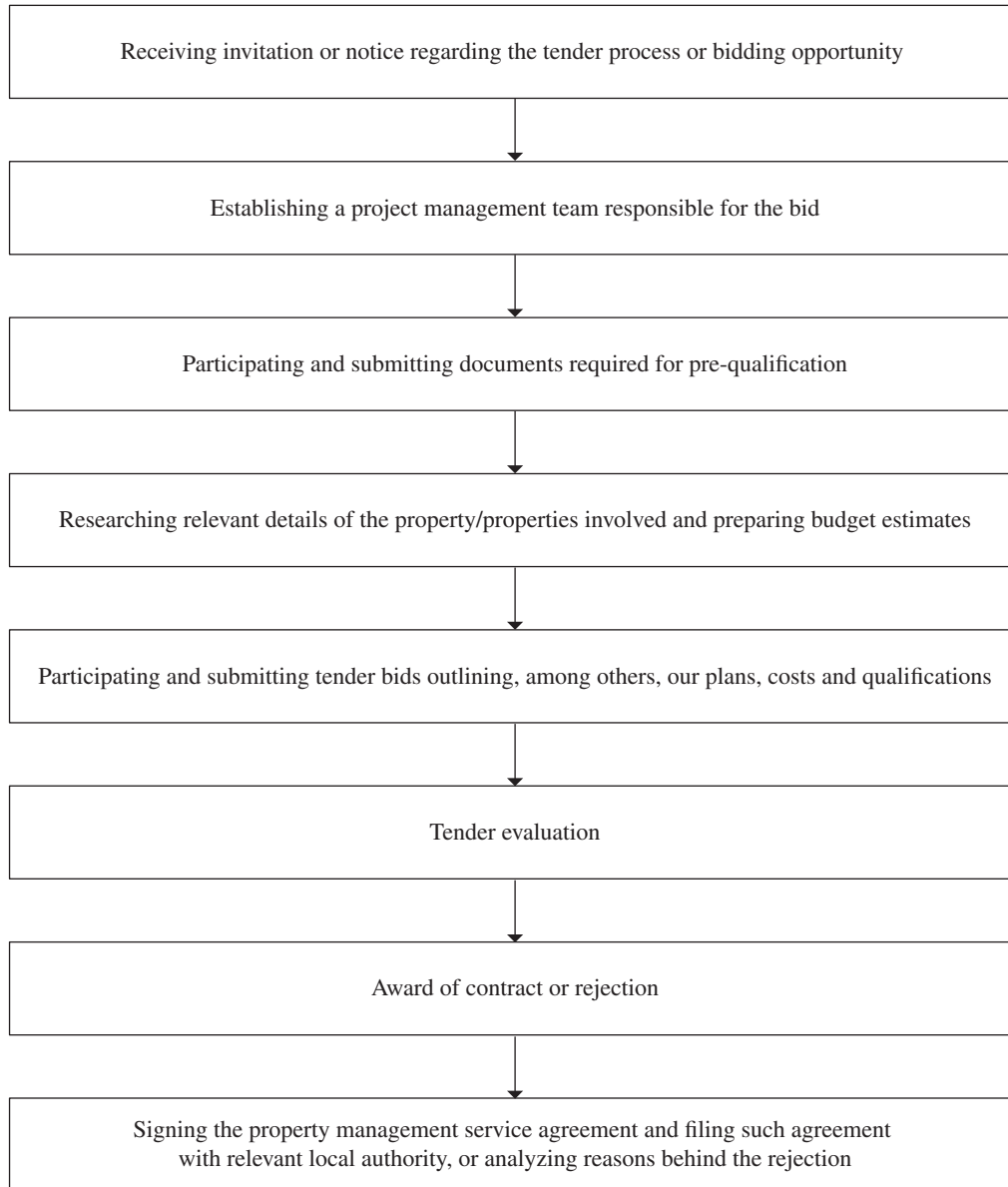
For the property management service agreements that we obtained without the tender process, we have been advised by our PRC Legal Advisors that the legality and validity of the property management service agreements that we have entered into would not be affected by such lack of the tender process. Our PRC Legal Advisors also advised us that the income we generated from the property management service agreements obtained by us without participating in tender processes was not non-compliant income because: (i) under the Regulations on Property Management, the residential property developers have the sole obligation of organizing the required tender process before entering into the relevant property management service agreements with us and we as a property management service provider is not responsible for organizing the tender process, and therefore no administrative penalty would be imposed on us under the Regulations on Property Management for entering into the above-mentioned preliminary property service management agreements without going through the tender process; and (ii) pursuant to the Contract Law of the People's Republic of China, the lack of tender process for entering into the abovementioned property management service agreements shall not affect the legality and validity of the agreements.

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## BUSINESS

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



### **Property Management Service Agreements**

#### ***Residential Properties***

We generally enter into preliminary property management service agreements with property developers. A preliminary property management service agreement is a type of property management service agreement that we enter into at the construction and pre-delivery stage of property development projects. As advised by CIA, property developers typically organize tendering process to engage property management companies after they have obtained the relevant land use rights of the land parcel to develop properties from the relevant government authorities for their projects. Accordingly, in line with the industry practices, we usually go through a tender process by submitting tender bids for property management service agreements for residential properties developed by Jinke Property Group, its related parties and other property developers as well as third-party property developers, after the relevant property developers have gained the rights to develop properties on the land and, if we are successful in securing the bid, enter into preliminary property management service agreements with the relevant property developer within the period of approximately one to three months before the commencement of pre-sale for the properties.

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

We generally start providing property management services to residential properties to property owners after property developers have delivered the properties to them. The delivery time from property developer to property owner is generally set forth according to the purchase agreement entered into between them. As advised by CIA, in the PRC market, the delivery date set out in purchase agreements between the property developer and property purchaser is usually subject to certain factors, including but not limited to the obtaining of relevant property completion approvals by the property developer. A failure to deliver the property according to the delivery schedule as set out in the relevant purchase agreement is typically deemed a breach of contract by the property developer, unless the circumstances were such that satisfy certain conditions which would excuse the fulfillment of the contractual obligation as agreed under the purchase agreement. The Company believes that Jinke Property Group, its related parties and other property developers generally have similar delivery terms in their purchase agreements with property purchasers.

Moreover, given that a failure to deliver property according to the delivery schedule would typically constitute a breach of the contractual obligation by the property developer and could result in reputational damage, it is normally in the property developers' interest to abide by the agreed delivery dates. Whether a property developer can deliver property according to the pre-agreed delivery date is subject to a number of factors, including but not limited to, construction progress and obtaining of the necessary approvals and certificates from government authorities as required by the relevant laws and regulations. As such, the actual delivery date can be brought forward if such necessary pre-delivery conditions have been met. Given the existence of the contractual obligations and the relevant approvals and certificates required to be obtained before delivery as discussed above, it would not be in the best interests of the property developers to manipulate the delivery date as scheduled in purchase agreements, including those properties contracted to be managed by us.

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

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

|  | As of or for the year ended December 31, |         |                      |           | As of or for the six months ended June 30, |         |                      |         |   |           |         |   |           |         |   |
|--|------------------------------------------|---------|----------------------|-----------|--------------------------------------------|---------|----------------------|---------|---|-----------|---------|---|-----------|---------|---|
|  | 2017                                     |         | 2018                 |           | 2019                                       |         | 2020                 |         |   |           |         |   |           |         |   |
|  | Contracted GFA under                     |         | Contracted GFA under |           | Contracted GFA under                       |         | Contracted GFA under |         |   |           |         |   |           |         |   |
|  | GFA management                           | Revenue | GFA management       | Revenue   | GFA management                             | Revenue | GFA management       | Revenue |   |           |         |   |           |         |   |
|  | sq.m.'000                                | RMB'000 | %                    | sq.m.'000 | RMB'000                                    | %       | sq.m.'000            | RMB'000 | % | sq.m.'000 | RMB'000 | % | sq.m.'000 | RMB'000 | % |
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*Notes:*

- (1) Include stages at which projects have been delivered for our management, but without the property owners' association having been established.
- (2) Include property management projects where we rendered services after property owners' associations were established. Please see "—Property Management Services—Property Management Service Agreements—Key Terms of Dealing with Property Developers" below in this section for more details.



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

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

- *Scope of services.* A typical preliminary property management service agreements with property developer sets out the required services by phase, including cleaning services, security services, greening services, repair and maintenance services, public area maintenance and other property management related services. We may also include arrangement for other services, which property owners or residents may request by paying additional fees to us.
- *Areas and facilities to be managed by us.* A typical preliminary property management service agreement usually specifies the total GFA and the serviced areas to be managed by us, which mainly include the common areas of the properties (including walls, roof-tops, corridors and basements, lobbies, restrooms, car parks, public gardens and roads in the communities) and the facilities (including water pipes, elevators, escalators, water plumbing systems, lightings, electricity power systems, air conditioning systems and fire systems in the properties).
- *Performance agreement standards.* The preliminary property management service agreements set forth the scope and expected standards for our property management services. For example, we may specify the frequency with which certain types of services are performed (for example, how often elevator maintenance is carried out) and the qualification requirements of relevant personnel (for example, the technicians should obtain requisite qualifications or certifications to perform its duties).
- *Property management fees.* The preliminary property management service agreements would set forth the unit price of property management fees payable for different types of properties (such as high-rise buildings, standalone buildings, commercial places and car parking areas), typically on a lump sum basis. The property developer is responsible for paying the property management fees for the units that remain unsold. For overdue property management fees, property developers pay an overdue penalty as specified in the agreement, and we may suspend our value-added services, or resort to litigation, as remedial measures.
- *Property developer's obligations.* The property developer is primarily responsible for, among others, ensuring that its property buyers understand and commit to their obligations in relation to the payment of property management fees after property delivery, and providing us with information, office facilities and other support necessary for carrying out our contractual obligations.

- *Term of service and termination.* Our preliminary property management service agreements generally have fixed terms of approximately three years, but will specify that they automatically terminate when a property owners' association is established and a new property management service agreement is entered into. Preliminary property management service agreements without fixed terms will generally terminate once a property owners' association is established and a new property management service agreement is entered into.
- *Dispute resolution.* Parties to the preliminary property management service agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.
- *Outsourcing arrangement.* We may outsource certain services to qualified sub-contractor. Under a typical preliminary property management service agreement, parties may set out the scope of outsourced services and other matters related to sub-contractors and outsourced services.

After delivery of the projects by property developers to the property owners, property owners may form and operate property owners' associations to manage the projects. The Property Law of the PRC, the Regulations on Property Management and the Guidance Rules of the Owners' Meeting and the Property Owners' Association stipulate that a property owners' association may be established at property owners' meeting by a vote of at least half of the property owners and by the property owners who own over half of the delivered GFA in the residential community. According to the Interpretations of the Supreme People's Court on Issues Relating to Application of Laws for Trial of Property Management Service Dispute Cases (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (the "Interpretations"), a preliminary property management service agreement entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners. According to the Interpretations, where any property owner argues that the preliminary property management service agreement is not applicable on the ground that he/she is not a party to the same, the relevant People's Court shall not uphold such claim. According to the Regulations on Property Management, a sales contract concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service agreement. Therefore, as advised by our PRC Legal Advisors, the preliminary property management service agreements entered into with property developers in compliance with the aforementioned regulations are legally binding on the relevant future property owners as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts. In addition, according to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), where there is only one owner, or where there are a few owners and they all agree not to form the property owners' general meeting, the owner(s) shall (jointly) perform the duties of the property owners' general meeting and the property owners' association. Thus, as advised by our PRC Legal Advisors, there is no compulsory requirement for property owners of residential properties to form property owners' associations under the

PRC Property Law and relevant PRC laws and regulations. As for non-residential properties which have no property owners' associations, we directly negotiate and enter into contract with, and perform our property management services to, property owners after the delivery of non-residential projects by property developers to such property owners.

Once our preliminary property management service agreements have expired, we may negotiate with the newly-formed property owners' associations for the terms of new property management service agreements. As of June 30, 2020, 45 of the residential projects under our management had established property owners' associations, accounting for approximately 14.2% of the total number of residential projects under our management and approximately 9.5% of the total GFA under management of residential properties. The property owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management, property owners' associations may hire or dismiss property management service providers by votes from more than half of the property owners and by the property owners who own over half of the GFA of delivered projects at the property owner meeting, provided that such decision will not constitute a violation of applicable law or a breach of the respective contract. The property owners' meeting may either hire a new property management service provider through the tender process or select one based on specific standards to do with terms and conditions of service, quality and price. Please see "Regulatory Overview—Legal Supervision over Property Management Services— Appointment of Property Management Companies" for more information.

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

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

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

- *Scope of services.* We typically agree to provide property management services including cleaning, security, greening, repair and maintenance services, public area maintenance and other property management related services. We also include value-added services and customized services, which property owners or residents may request by paying additional fees to us.
- *Areas and facilities to be managed by us.* A typical property management service agreement usually specifies the total GFA and the serviced areas to be managed by us, which mainly include the common areas of the properties (including walls, roof-tops, corridors and basements, lobbies, restrooms, car parks, public gardens and roads in the communities) and the facilities (including water pipes, elevators, escalators, water plumbing systems, lightings, electricity power systems, air conditioning systems and fire systems in the properties).
- *Performance standards.* The property management service agreement would set forth the expected standards for our property management services.
- *Property management fees.* The property management fee would be payable typically on a lump sum by property owners according to the relevant service agreement. When payable on a lump sum basis, our property management fees are generally charged by GFA. For overdue property management fees, property owners and residents pay an overdue penalty as specified in the service agreement. If we have agreed to provide property management service of car parks, the property management service agreement will also detail the fees payable for such services.
- *Rights and obligations of property owners and residents.* The property owners' association is primarily responsible for, among others, ensuring that property owners and residents understand and commit to their obligations in relation to the payment of property management fees, providing us with office facilities and other support necessary for carrying out our contractual obligations and reviewing or supervising plans and budgets that we may draw up in relation to our services.
- *Terms of service and termination.* Our property management service agreements generally have a fixed term of one to three years. Certain of these agreements provide that, if no new agreement had been entered into between the relevant property owners' association and other property management company upon the expiration of an existing agreement, the term of the agreement at issue shall be extended till the new property management service agreement between the relevant property owners' association and the newly engaged property management company become effective. During the Track Record Period and up to the Latest Practicable

Date, neither we nor any property owners' association have unilaterally terminated any property management service agreement before the end of their terms. Our property management service agreements may be terminated by property owners' associations if we fail to fulfill our obligations under agreements in material aspects.

- *Dispute resolution.* Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.
- *Outsourcing arrangement.* We may outsource certain services to qualified sub-contractor. Under a typical property management service agreement, parties may set out the scope of outsourced services and other matters related to sub-contractors and outsourced services.

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

### ***Non-Residential Properties***

We typically enter into property management service contracts with customers such as property developers or property owners for the management of non-residential properties. The following summarized the general terms of our property management service contracts for non-residential properties.

- *Scope of services.* We typically agree to provide property management services including cleaning, security services, greening, repair and maintenance services, public area maintenance and other property management related services. We may also provide other customized services, which property owners or residents may request by paying additional fees to us.
- *Areas and facilities to be managed by us.* A typical property management service agreement usually specifies the total GFA and the serviced areas to be managed by us, which mainly include the common areas of the properties (including wall roof-tops, corridors and basements, lobbies, restrooms, public gardens, car parks and roads in the properties) and the facilities (including water pipes, elevators, escalators, water plumbing systems, lightings, electricity power systems, air conditioning systems and fire systems in the properties).

- *Performance standards.* The property management service agreement would set forth the scope and expected standards for our property management services. For example, we may specify the frequency with which certain types of services are performed (for example, how often elevator maintenance is carried out) and the qualification requirements of relevant personnel (for example, the technicians should obtain requisite qualifications or certifications to perform its duties).
- *Property management fees.* The property management fee would be payable typically on a lump sum by property owners and tenants according to the relevant service agreement. We may specify different property management fees for different types of properties. For overdue property management fees, property owners pay an overdue penalty as specified in the service agreement. If we have agreed to provide property management service of car parks, the property management service agreement will also detail the fees payable for such services.
- *Rights and obligations of property owners.* The property owners are primarily responsible for, among others, payment of property management fees, providing us with information, office facilities and other support necessary for carrying out our contractual obligations and reviewing or supervising plans and budgets that we may draw up in relation to our services.
- *Terms of service and termination.* Our property management service agreements generally have a fixed term of one to two years.
- *Dispute resolution.* Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.
- *Outsourcing arrangement.* We may outsource a part of, but not all of our services under the property management service contract to qualified sub-contractor.

### **Our Pricing Policy**

We generally price our services by taking into account various factors, such as characteristics, property type, project size, locations, market price, our budget, target profit margins, property owners' and residents' profiles and the scope and quality of our services. In determining prices for our services, we uniformly apply these factors to evaluations for services to properties developed by Jinke Property Group, Jinke Property Group's joint ventures and associates and Independent Third Parties. During renewal negotiations for our property management service agreements, we may raise our property management fee rates as a condition precedent for continuing our services.

The price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services, and we are also subject to pricing controls issued by the PRC Government. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Liberalizing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (the “**Price Control Liberalization Circular**”), which required provincial-level price administration authorities to liberalize the price control or guidance policies on residential properties, with certain exceptions. Under the relevant PRC regulations, property management fees charged shall remain to be determined with references to the government guidance price or the market price, which is based on the nature and features of the relevant properties to which the property management services are provided. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the local governments of provinces, autonomous regions and municipalities. Please see “Regulatory Overview—Legal Supervision over Property Management Services—Fees charged by Property Management Companies” for more details and “Risk Factors—Risks Relating to Our Business—We are susceptible to changes in regulatory landscapes of the PRC property management and PRC real estate industries” for related discussions. During the Track Record Period, the property management fees charged by us complied with the relevant PRC laws and regulations in relation to such pricing control in all material respects during the Track Record Period. According to CIA, our property management fees were generally in line with the relevant market trends with respect to property management fees charged by property management companies in the PRC during the Track Record Period. We expect that pricing controls on residential properties will relax over time as relevant local authorities continue to pass regulations to implement the Price Control Liberalization Circular. Please see “Risk Factors—Risks Relating to Our Business and Industry—We may be subject to losses and decreased profit margins if we may fail to effectively anticipate or control our costs in providing our property management services, as we generally charge our customers on a lump sum basis” in this prospectus.

### **Payment and Credit Terms**

We may charge property management fees on an annual, semi-annually, quarterly or monthly basis, depending on the terms of our property management service agreements. The fees for property management services are typically due for payment by property owners upon our issuance of a notice, which is typically transmitted by text message, phone call, WeChat notification, home-site visit or letter of notice. If any customer fails to make payment for a prolonged period, we typically demand payment for our property management services by sending a demand note to property owners and residents which, according to CIA, is consistent with the property management industry norm in the PRC. We primarily accept payments for property management fees by cash or through online transfers, bank card, auto-pay or third-party payment platforms. To facilitate the timely collection of property management fees and other payments, we may send payment reminders to property developers, public entities, property owners and residents in writing upon the fees become due. Please see “Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Trade Receivables” and “Risk Factors—Risks Relating to Our Business and



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Industry—We may not be able to collect property management fees from property owners, residents and property developers which could incur impairment losses on our trade receivables” for more details on our trade receivables and related risks thereof. To the extent permitted under PRC law, we collect utility fees on behalf of property owners and residents in relation to electricity and water free of charge.

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

We also provide a series of value-added services to non-property owners, primarily property developers. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from our value-added services to non-property owners amounted to approximately RMB202.9 million, RMB367.5 million, RMB596.4 million, RMB226.4 million and RMB292.2 million, respectively, accounting for approximately 19.4%, 24.1%, 25.6%, 22.5% and 21.3% of our total revenue for the same periods, respectively. Our value-added services to non-property owners primarily include but are not limited to (i) sales assistance services, (ii) pre-delivery services, and (iii) consultancy and other services, such as consultancy services which provide non-property owners with property development proposals and market feasibility study, among others.

The following table sets forth the components of our revenue from value-added services to non-property owners for the periods indicated.

|                                          | For the year ended December 31, |              |                |              |                |              | For the six months ended June 30, |              |                |              |
|------------------------------------------|---------------------------------|--------------|----------------|--------------|----------------|--------------|-----------------------------------|--------------|----------------|--------------|
|                                          | 2017                            |              | 2018           |              | 2019           |              | 2019                              |              | 2020           |              |
|                                          | RMB'000                         | %            | RMB'000        | %            | RMB'000        | %            | RMB'000                           | %            | RMB'000        | %            |
|                                          | <i>(unaudited)</i>              |              |                |              |                |              |                                   |              |                |              |
| Sales assistance services . .            | 142,434                         | 70.2         | 286,190        | 77.9         | 474,690        | 79.6         | 190,154                           | 84.0         | 246,890        | 84.5         |
| Pre-delivery services . . . .            | 50,423                          | 24.8         | 71,318         | 19.4         | 112,023        | 18.8         | 32,355                            | 14.3         | 42,388         | 14.5         |
| Consultancy and other services . . . . . | 10,074                          | 5.0          | 10,022         | 2.7          | 9,678          | 1.6          | 3,884                             | 1.7          | 2,949          | 1.0          |
| <b>Total . . . . .</b>                   | <b>202,931</b>                  | <b>100.0</b> | <b>367,530</b> | <b>100.0</b> | <b>596,391</b> | <b>100.0</b> | <b>226,393</b>                    | <b>100.0</b> | <b>292,227</b> | <b>100.0</b> |

### Sales Assistance Services

We may be contracted by property developers at an early stage of property development to provide sales assistance services. We provide visitor reception, on-site cleaning, security, repair and maintenance services to help property developers with their preparation of property sales activities and recognize revenue based on the fees we charge, typically at a fixed fee pursuant to the relevant contract, by taking into account the positioning of such properties and the market price.

We deploy our staff to assist property developers with their property sales activities on-site which may include, in showcasing and marketing their properties, including display unit management and visitor reception for property development projects. We provide a variety of services, including cleaning the display units, maintaining the order and security of the sales offices as well as repairing the facilities in the display units. We enter into a sales-assistance service agreement with the property developer for such work, and the contract generally has a term of six months to one year. We provide our sales assistance services through our own employees and sub-contractors. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue derived from sales assistance services amounted to RMB142.4 million, RMB286.2 million, RMB474.7 million, RMB190.2 million and RMB246.9 million, respectively, representing 70.2%, 77.9%, 79.6%, 84.0% and 84.5%, respectively, of our revenue from value-added services provided to non-property owners for the same periods, respectively.

### **Pre-Delivery Services**

We may be contracted by property developers to provide cleaning, inspection, repair and maintenance services at the pre-delivery stage of the property sales. We provide unit cleaning services before the delivery of properties to make the properties suitable for delivery. We may also be employed by property developers to conduct quality inspection of properties, identify quality issues, rectify defects and report to the property developers. We also provide repair and maintenance services after delivery where such services are required by property-developers based on inspection of relevant properties. We offer our pre-delivery services through our employees and sub-contractors. We typically collect fees for such services by charging a lump sum fee pursuant to relevant service contracts. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue derived from pre-delivery services amounted to RMB50.4 million, RMB71.3 million, RMB112.0 million, RMB32.4 million and RMB42.4 million, respectively, representing 24.8%, 19.4%, 18.8%, 14.3% and 14.5%, respectively, of our revenue from value-added services provided to non-property owners for the same periods, respectively.

### **Consultancy and Other Services**

We provide consultancy and other services tailored to the needs of property developers and property management companies. For example, we provide design consultancy services to property developers who expect to use our expertise to refine their property project designs. Our consultations throughout the process of property development can help property developers design and develop their properties to better meet the needs of end-users. In addition, we also provide other value-added services according to the needs of property developers and property management companies, such as printing and document preparation services. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue derived from consultancy and other services amounted to RMB10.1 million, RMB10.0 million, RMB9.7 million, RMB3.9 million and RMB2.9 million, respectively, representing 5.0%, 2.7%, 1.6%, 1.7% and 1.0%, respectively, of our revenue from value-added services provided to non-property owners for the same periods, respectively.

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### COMMUNITY VALUE-ADDED SERVICES

We have developed “Neighborhood Culture (鄰里文化)” targeted at refining the services provided to residential communities under our management. Our “Neighborhood Culture” focuses on the provision of better and focused treatments for the elderly, spouses, children, neighbors and smaller family units (敬老、愛妻、親子、睦鄰、惜己) to elevate the overall living experiences for our customers in residential communities. To implement the “Neighborhood Culture (鄰里文化),” we provide community value-added services to property owners and residents of properties under our management to address their daily needs, enhance their living experience and create a healthier and more harmonious and convenient community which may, in turn, elevate our brand name and increase customer loyalty to us. The community value-added services we offer primarily include (i) home-living services, which primarily include shopping services and home cleaning services; (ii) community management services, which primarily include common area maintenance services, such as waste disposal services, as well as public resources management services, such as public spaces leasing, delivery services and advertising services; (iii) home decoration services, which primarily include home decoration services and move-in furnishing services (拎包入住服務) and (iv) comprehensive living and traveling services, which primarily include property agency services and travel agency services.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from our community value-added services amounted to approximately RMB76.8 million, RMB125.5 million, RMB238.6 million, RMB98.2 million and RMB125.6 million, respectively, representing 7.3%, 8.2%, 10.3%, 9.8% and 9.2% of our total revenue for the same periods, respectively.

The following table sets forth the components of our revenue from community value-added services for the periods indicated:

|                                                       | For the year ended December 31, |              |                |              |                |              | For the six months ended June 30, |              |                |              |
|-------------------------------------------------------|---------------------------------|--------------|----------------|--------------|----------------|--------------|-----------------------------------|--------------|----------------|--------------|
|                                                       | 2017                            |              | 2018           |              | 2019           |              | 2019                              |              | 2020           |              |
|                                                       | RMB'000                         | %            | RMB'000        | %            | RMB'000        | %            | RMB'000                           | %            | RMB'000        | %            |
|                                                       | (unaudited)                     |              |                |              |                |              |                                   |              |                |              |
| Home-living services . . . . .                        | 6,920                           | 9.0          | 30,480         | 24.3         | 81,639         | 34.2         | 36,041                            | 36.7         | 62,798         | 50.0         |
| Community management services . . . . .               | 42,956                          | 55.9         | 57,152         | 45.6         | 75,152         | 31.5         | 35,231                            | 35.9         | 32,767         | 26.1         |
| Home decoration services . . . . .                    | 155                             | 0.2          | 431            | 0.3          | 41,070         | 17.2         | 6,053                             | 6.2          | 14,587         | 11.6         |
| Comprehensive living and traveling services . . . . . | 26,780                          | 34.9         | 37,401         | 29.8         | 40,742         | 17.1         | 20,852                            | 21.2         | 15,416         | 12.3         |
| <b>Total . . . . .</b>                                | <b>76,811</b>                   | <b>100.0</b> | <b>125,464</b> | <b>100.0</b> | <b>238,603</b> | <b>100.0</b> | <b>98,177</b>                     | <b>100.0</b> | <b>125,568</b> | <b>100.0</b> |

**Home-Living Services**

We offer home-living services to improve the overall living experiences of residents, which mainly include shopping services and home-cleaning services. Some of our home-living services have been offered through our online service platform “Jinke Grande Community APP” (金科大社區). In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recognized revenue of RMB6.9 million, RMB30.5 million, RMB81.6 million, RMB36.0 million and RMB62.8 million, respectively, from our home-living services, representing 9.0%, 24.3%, 34.2%, 36.7% and 50.0% of our revenue from community value-added services for the same periods, respectively.

- *Shopping services.* We provide a variety of products to property owners and residents in our residential communities, partially through one of our online service platforms. Please see “—Technology and Data Management” in this section for more information. The products we offer primarily include groceries, which are usually priced at a discount through bulk purchases, allowing our residents to enjoy such as part of the benefit of living in a property community managed by us. We also engage third-party vendors to design tailor-made gift boxes and sell to corporate clients for holiday seasons. We generate profit from placing a mark-up price on top of the offer price set by the third-party vendors.
- *Home-cleaning services.* Our cleaning services mainly include daily house cleaning. We provide home-cleaning services through our employees or sub-contractors and charge fixed fees for such services on a monthly or per-request basis.

**Community Management Services**

We offer a wide spectrum of community management services to property owners and residents of properties under our management. Our community management services primarily include common area maintenance services, such as waste disposal services, as well as public spaces management services, such as public space leasing, delivery services and advertising services. For example, we lease certain common areas to third parties for advertising, including posting advertisements in elevators and on exterior walls and holding promotion activities in common areas. In addition, we typically enter into a separate lease agreement and collect rent on behalf of property owner and generate revenue by receiving service fees as an agreed percentage of the rent. Income from leasing the common areas will be shared between the home owners and us pursuant to property management service agreement and applicable laws and regulations. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recognized revenue of RMB43.0 million, RMB57.2 million, RMB75.2 million, RMB35.2 million and RMB32.8 million, respectively, from our community management services, representing 55.9%, 45.6%, 31.5%, 35.9% and 26.1% of our revenue from community value-added services for the same periods, respectively.

**Home Decoration Services**

We provide property owners and residents home decoration services as well as move-in furnishing services (拎包入住服務). We provide a platform that connect our customers with third-party decoration providers and offer basic home decoration services which typically include construction, purchases of furniture, home appliances and decoration. In some cases, we also connect our customers with third-party decoration service provider with turn-key furnishing capabilities, which may include purchases and arrangement on the installation of furniture, home appliances and accessories according to the property owners or the residents' preferences and budgets. We generally enter into separate agreements with property owners and residents and third-party service providers, which set out the specific arrangements including completion dates and general description of the products and services to be provided. We charge a commission fee pursuant to relevant service contracts, typically a fixed percentage based on the contract amount. We made efforts to expand and provide home decoration services to a wider number of customers in 2019. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recognized revenue of RMB0.2 million, RMB0.4 million, RMB41.1 million, RMB6.1 million and RMB14.6 million, respectively, from home decoration services, representing 0.2%, 0.3%, 17.2%, 6.2% and 11.6% of our revenue from community value-added services for the same periods, respectively.

**Comprehensive Living and Traveling Services**

We offer comprehensive living and traveling services to our customers, which primarily include property agency services and travel agency services. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recognized revenue of RMB26.8 million, RMB37.4 million, RMB40.7 million, RMB20.9 million and RMB15.4 million, respectively, from our comprehensive living and traveling services, representing 34.9%, 29.8%, 17.1%, 21.2% and 12.3% of our revenue from community value-added services for the same periods, respectively.

- *Property agency services.* We provide property agency services to property owners and residents that involve assistance in the searches for tenants or buyers, marketing and liaising and coordination with potential tenants or buyers. We intend to leverage our relationships with property owners and residents in various residential communities to reach potential tenants and buyers. Once potential tenants or buyers are accepted by the property owner, we will help guide the property owner to close the sale or lease transaction. We will generally charge our services at a fixed rate, which is calculated as a percentage of the sale price or rental income according to the contract between the property owner and us for the sale or lease agency service. Our fees typically are incurred and paid by property owners or the buyers according to the relevant sale or lease contract between the property owner or the buyer and us.

- *Travel agency services.* We provide a variety of travel agency services to home owners, residents and the general public including individual retail customers and travel agencies. Our travel agency services include, but not limited to, group tour services, hotel room booking, car rental, ticket booking and visa application. We develop group tour services based on our understanding of our customers' preferences and leisure. For example, we provide travel and leisure services such as leisure travel packages in suburban areas and sightseeing tours in the PRC and abroad. Our overall commission varies for each tour package, depending on the discount obtained by us from wholesale travel agencies and our price negotiation with individual retail customers and other travel agencies.

### SMART LIVING TECHNOLOGY SOLUTIONS

We believe we have advanced technological capabilities set us apart from other property management service providers in the PRC. We were ranked the third among the “2020 Leading Property Management Enterprise in Terms of Technological Capabilities (2020中國物業科技賦能領先企業)” by CIA in 2020. Leveraging on our strong technological capabilities, we have developed a variety of smart living technology solutions that cover the full life cycle of property development and property management. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recognize revenue of RMB6.4 million, RMB10.6 million, RMB26.9 million, RMB14.7 million and RMB26.4 million, respectively, from our smart living technology solutions, representing 0.6%, 0.7%, 1.2%, 1.5% and 1.9% of our total revenue for the same periods, respectively. Our services primarily include:

- *Smart design services:* we provide smart function solutions in relation to project construction for property developers, including, but not limited to, the design and development of high-tech home security systems, closed-circuit television security systems, smart access control systems, security patrolling systems, smart hosted network systems, smart community service platforms, public facilities monitor system and centralized computer and network systems, and we sell technology products to property owners.
- *Smart on-site service:* we provide technology services for various types of properties to attract home buyers or commercial tenants, primarily including “Home-Life (生命家)” home display services which help property developers display and promote the advanced technologies used at their properties. We also developed “Digital On-site Management (數字案場)” for certain of our sales assistance services, a software application that can be used to systematically log and manage the staff and visitors at pre-sale locations, allowing property developers to conveniently track the on-site traffic and better manage its pre-sales activities.

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- *Smart integrated operation platform services*: we develop customize, install and maintain IBMS (intelligent building management system) operation platforms, which typically include a wide range of software and hardware systems, such as cloud access control platform, video surveillance platform, facial recognition system, carbon monoxide detection system and cloud car park management platform.

### SALES AND MARKETING

We are leading and comprehensive property management service provider in the PRC with a strong brand name established over the years. We market our services primarily under the brand name of “Jinke Services” (金科服務) and, to a lesser extent, “Tian Zhi Hui Qi (天智慧啟)” for our smart living technology solutions.

The business development department at our headquarters is primarily responsible for developing our overall marketing strategy and objectives, contemplating marketing activities, and maintaining relationships with clients and media. We also retain marketing personnel at our subsidiaries and branches who are responsible for the execution of our marketing strategies, conducting business development, managing our efforts in relation to tender bids and exploring other expansion possibilities. As of June 30, 2020, we had a team of 163 business development personnel.

We endeavor to maintain existing business relationships and seek new opportunities with property developers and homeowner associations. Our marketing activities primarily focus on online advertising through various new media platforms. We may also advertise and promote our brand name and services through “Jinke Grande Community APP” (金科大社區).

### CUSTOMERS

Our customer base primarily consists of property developers, property owners, residents, tenants and governmental authorities. We assess prospective customers by evaluating key factors such as the nature, size, revenue, profitability as well as the type of properties.

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

| Business Lines                              | Major Customers                                                                         |
|---------------------------------------------|-----------------------------------------------------------------------------------------|
| Property management services                | Property developers, public entities, property owners and residents                     |
| Value-added services to non-property owners | Non-property owners, the majority of whom are property developers                       |
| Community value-added services              | Property owners, residents and others                                                   |
| Smart living technology solutions           | Property developers, other property management companies, property owners and residents |



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In 2017, 2018 and 2019 and the six months ended June 30, 2020, revenue from our five largest customers amounted to RMB294.0 million, RMB378.4 million, RMB600.5 million and RMB339.4 million, respectively, accounting for 28.1%, 24.9%, 25.8% and 24.8% of our total revenue for the same periods, respectively. During the Track Record Period, our largest customer was Jinke Property Group, to whom we provided property management services and value-added services to non-property owners. In 2017, 2018 and 2019 and the six months ended June 30, 2020, revenue generated from our services provided to Jinke Property Group amounted to RMB257.5 million, RMB344.0 million, RMB523.3 million and RMB281.7 million, respectively, accounting for 24.6%, 22.6%, 22.5% and 20.6% of our total revenue, respectively. In 2017, 2018 and 2019 and the six months ended June 30, 2020, Jinke Property Group also provided management consulting services and merchandized goods to us, amounting to RMB3.9 million, RMB8.8 million, RMB6.3 million and RMB1.2 million as our administrative expenses, respectively. The transactions with Jinke Property Group and their respective associates constituted connected transactions. During the Track Record Period and as of the Latest Practicable Date, save as disclosed below, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest customers. None of our five largest customers during the Track Record Period was one of our five largest suppliers. Please see “Connected Transactions,” “Relationship with Our Controlling Shareholder” and “Risk Factors—Risks Relating to Our Business and Industry—We cannot assure you that we can secure new or renew our existing property management service contracts with property developers or other entities on favorable terms, or at all” for more details.

We have achieved high customer satisfaction rates as compared to that of the industry average among Top 100 Property Management Companies during the Track Record Period. According to CIA, as of December 31, 2019, our customer satisfaction rate among customers of our residential properties was over 90.0% for each of the eight consecutive years prior to 2020, which was higher than the industry average customer satisfaction rate for each of the corresponding years which ranged from 70% to 76%. We believe our high customer satisfaction rates were attributable to our quality control and customer management. We have established various procedures and systems to monitor and maintain the quality of our services in our managed projects. During the ordinary course of our business operations, we receive feedbacks, suggestions and complaints from property owners and residents of the properties we manage from time to time regarding our services. We set up a national service hotline to manage our customers’ feedbacks and complaints. Customers may also send us feedbacks or file for complaint through our online platform “Jinke Grande Community APP” (金科大社區). Please see “—Quality Control” in this section for more details.

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### Our Top Five Customers

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

| Ranking | Customer             | Nature of the customer's business | Commencement of business relationship | Payment terms      | Total transaction amount | Percentage of our total revenue |
|---------|----------------------|-----------------------------------|---------------------------------------|--------------------|--------------------------|---------------------------------|
|         |                      |                                   |                                       |                    | <i>RMB'000</i>           | <i>%</i>                        |
| 1.      | Jinke Property Group | Real estate development company   | November 2000                         | Quarterly, Monthly | 257,518                  | 24.6                            |
| 2.      | Customer A           | Local government                  | August 2016                           | Monthly            | 21,119                   | 2.0                             |
| 3.      | Customer B           | Local government                  | August 2016                           | Monthly            | 6,290                    | 0.6                             |
| 4.      | Customer C           | Local government                  | December 2016                         | Quarterly          | 4,790                    | 0.5                             |
| 5.      | Customer D           | Real estate development company   | December 2015                         | Monthly            | 4,332                    | 0.4                             |

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

| Ranking | Customer                  | Nature of the customer's business | Commencement of business relationship | Payment terms      | Total transaction amount | Percentage of our total revenue |
|---------|---------------------------|-----------------------------------|---------------------------------------|--------------------|--------------------------|---------------------------------|
|         |                           |                                   |                                       |                    | <i>RMB'000</i>           | <i>%</i>                        |
| 1.      | Jinke Property Group      | Real estate development company   | November 2000                         | Quarterly, Monthly | 343,975                  | 22.6                            |
| 2.      | Customer A                | Local government                  | August 2016                           | Monthly            | 19,687                   | 1.3                             |
| 3.      | Customer B                | Local government                  | August 2016                           | Monthly            | 5,276                    | 0.4                             |
| 4.      | Customer C                | Local government                  | December 2016                         | Quarterly          | 4,940                    | 0.3                             |
| 5.      | Customer E <sup>(1)</sup> | Real estate development company   | September 2017                        | Quarterly          | 4,559                    | 0.3                             |

*Note:*

- (1) Jinke Property held a 64.45% interest in Customer E. Jinke Property did not have control over Customer E and Customer E is Jinke Property's joint venture.

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The following table sets forth details of our top five customers in 2019:

| <u>Ranking</u> | <u>Customer</u>      | <u>Nature of the customer's business</u> | <u>Commencement of business relationship</u> | <u>Payment terms</u> | <u>Total transaction amount</u><br><i>RMB'000</i> | <u>Percentage of our total revenue</u><br><i>%</i> |
|----------------|----------------------|------------------------------------------|----------------------------------------------|----------------------|---------------------------------------------------|----------------------------------------------------|
| 1.             | Jinke Property Group | Real estate development company          | November 2000                                | Quarterly, Monthly   | 523,317                                           | 22.5                                               |
| 2.             | Customer F           | Trading company                          | January 2019                                 | Quarterly            | 27,003                                            | 1.2                                                |
| 3.             | Customer G           | Asset and property management company    | June 2018                                    | Quarterly            | 21,731                                            | 0.9                                                |
| 4.             | Customer A           | Local government                         | August 2016                                  | Monthly              | 21,426                                            | 0.9                                                |
| 5.             | Customer B           | Local government                         | August 2016                                  | Monthly              | 6,983                                             | 0.3                                                |

The following table sets forth details of our top five customers in the six months ended June 30, 2020:

| <u>Ranking</u> | <u>Customer</u>      | <u>Nature of the customer's business</u>        | <u>Commencement of business relationship</u> | <u>Payment terms</u> | <u>Total transaction amount</u><br><i>RMB'000</i> | <u>Percentage of our total revenue</u><br><i>%</i> |
|----------------|----------------------|-------------------------------------------------|----------------------------------------------|----------------------|---------------------------------------------------|----------------------------------------------------|
| 1.             | Jinke Property Group | Real estate development company                 | November 2000                                | Quarterly, Monthly   | 281,658                                           | 20.6                                               |
| 2.             | Customer H           | Supply chain management and food retail company | October 2019                                 | Upon demand          | 19,150                                            | 1.4                                                |
| 3.             | Customer G           | Asset and property management company           | June 2018                                    | Quarterly            | 16,941                                            | 1.2                                                |
| 4.             | Customer A           | Local government                                | August 2016                                  | Monthly              | 12,727                                            | 0.9                                                |
| 5.             | Customer I           | Military hospital                               | January 2020                                 | Quarterly            | 8,923                                             | 0.7                                                |

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## BUSINESS

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During the Track Record Period, we mainly provided property management services to our top five customers. We generally grant our customers with credit terms of 30 to 90 days and receive the payment through bank transfer. Please see “—Property Management Services—Property Management Service Agreements” in this section for the key terms of our property management service contracts.

### SUPPLIERS

Our supplier network primarily consists of sub-contractors of various services and vendors of various materials used for our services. We have established stable and long-term business relationship with most of our major suppliers. The table below sets forth the types of our major suppliers for the four business lines. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our sub-contracting costs amounted to RMB164.0 million, RMB230.4 million, RMB402.6 million and RMB298.5 million, respectively, accounting for 21.4%, 20.3%, 23.8% and 31.9%, respectively, of our total cost of sales for the same periods.

| Business Lines                              | Major Suppliers                                                                                                                                                                           |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property management services                | Sub-contractors providing cleaning, security, greening and repair and maintenance services                                                                                                |
| Value-added services to non-property owners | Sub-contractors providing sales assistance services and cleaning, inspection, repair and maintenance services                                                                             |
| Community value-added services              | Sub-contractors providing home-living services, community management services, home decoration services and comprehensive living and traveling services and vendors for various materials |
| Smart living technology solutions           | Sub-contractors developing technology products                                                                                                                                            |

### Our Top Five Suppliers

All of our five largest suppliers during the Track Record Period were sub-contractors that were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers. In 2017, 2018 and 2019 and the six months ended June 30, 2020, purchases from our five largest suppliers amounted to RMB59.7 million, RMB67.5 million, RMB129.6 million and RMB113.0 million, respectively, accounting for 20.1%, 14.9%, 14.8% and 17.5% of our total purchase for the same periods, respectively.

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

| <u>Ranking</u> | <u>Supplier</u> | <u>Major services/<br/>materials provided</u> | <u>Commencement<br/>of business<br/>relationship</u> | <u>Payment<br/>terms</u>                        | <u>Total<br/>transaction<br/>amount</u><br><i>RMB'000</i> | <u>Percentage<br/>of total<br/>purchase</u><br>% |
|----------------|-----------------|-----------------------------------------------|------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 1.             | Supplier A      | Cleaning services                             | May 2015                                             | Monthly                                         | 22,687                                                    | 7.6                                              |
| 2.             | Supplier B      | Cleaning services                             | June 2015                                            | Monthly                                         | 12,641                                                    | 4.2                                              |
| 3.             | Supplier C      | Cleaning services                             | October 2016                                         | Monthly                                         | 8,846                                                     | 3.0                                              |
| 4.             | Supplier D      | Maintenance services                          | May 2017                                             | Upon<br>completion of<br>individual<br>projects | 8,496                                                     | 2.9                                              |
| 5.             | Supplier E      | Cleaning services                             | August 2015                                          | Monthly                                         | 7,042                                                     | 2.4                                              |

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

| <u>Ranking</u> | <u>Supplier</u> | <u>Major services/<br/>materials provided</u> | <u>Commencement<br/>of business<br/>relationship</u> | <u>Payment<br/>terms</u> | <u>Total<br/>transaction<br/>amount</u><br><i>RMB'000</i> | <u>Percentage of<br/>total<br/>purchase</u><br>% |
|----------------|-----------------|-----------------------------------------------|------------------------------------------------------|--------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 1.             | Supplier A      | Cleaning services                             | May 2015                                             | Monthly                  | 22,636                                                    | 5.0                                              |
| 2.             | Supplier B      | Cleaning services                             | June 2015                                            | Monthly                  | 14,553                                                    | 3.2                                              |
| 3.             | Supplier C      | Cleaning services                             | October 2016                                         | Monthly                  | 13,428                                                    | 2.9                                              |
| 4.             | Supplier E      | Cleaning services                             | August 2015                                          | Monthly                  | 9,369                                                     | 2.1                                              |
| 5.             | Supplier F      | Cleaning services                             | January 2017                                         | Monthly                  | 7,531                                                     | 1.7                                              |

The following table sets forth details of our top five suppliers in 2019:

| <u>Ranking</u> | <u>Supplier</u> | <u>Major services/<br/>materials provided</u> | <u>Commencement<br/>of business<br/>relationship</u> | <u>Payment<br/>terms</u> | <u>Total<br/>transaction<br/>amount</u><br><i>RMB'000</i> | <u>Percentage of<br/>total<br/>purchase</u><br>% |
|----------------|-----------------|-----------------------------------------------|------------------------------------------------------|--------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 1.             | Supplier G      | Food retail                                   | January 2019                                         | Upon demand              | 33,232                                                    | 3.8                                              |
| 2.             | Supplier H      | Manpower supplies                             | November 2018                                        | Monthly                  | 29,889                                                    | 3.4                                              |
| 3.             | Supplier A      | Cleaning services                             | May 2015                                             | Monthly                  | 27,927                                                    | 3.2                                              |
| 4.             | Supplier B      | Cleaning services                             | June 2015                                            | Monthly                  | 19,632                                                    | 2.2                                              |
| 5.             | Supplier I      | Manpower supplies                             | October 2018                                         | Monthly                  | 18,949                                                    | 2.2                                              |

## BUSINESS

The following table sets forth details of our top five suppliers in the six months ended June 30, 2020:

| Ranking | Supplier   | Major services/<br>materials provided | Commencement<br>of business<br>relationship | Payment<br>terms | Total<br>transaction<br>amount | Percentage of<br>total<br>purchase |
|---------|------------|---------------------------------------|---------------------------------------------|------------------|--------------------------------|------------------------------------|
|         |            |                                       |                                             |                  | <i>RMB'000</i>                 | <i>%</i>                           |
| 1.      | Supplier H | Manpower supplies                     | November 2018                               | Monthly          | 51,736                         | 8.0                                |
| 2.      | Supplier G | Food retail                           | January 2019                                | Upon demand      | 18,633                         | 2.9                                |
| 3.      | Supplier J | Manpower supplies                     | August 2019                                 | Monthly          | 16,644                         | 2.6                                |
| 4.      | Supplier K | Manpower supplies                     | October 2019                                | Monthly          | 13,769                         | 2.1                                |
| 5.      | Supplier L | Cleaning services                     | October 2018                                | Monthly          | 12,209                         | 1.9                                |

Our suppliers generally grant us credit terms ranging from 30 to 60 days, and payment to our suppliers are typically settled by bank transfer.

### Selection and Management of Our Sub-contractors

In general, our headquarters is responsible for establishing and updating our internal standards and contract template, supervising and reviewing the selection, management and evaluation of our sub-contractors and makes the relevant policy decisions in this aspect of our business operations. Our subsidiaries and branches support our headquarters in their supervision, review and decision-making processes. During the Track Record Period, the longest period of business relationship with our sub-contractor, also one of our top five suppliers during the Track Record Period, was about four years.

We regularly monitor and evaluate the performance of our sub-contractors. For example, we evaluate our sub-contractors on a monthly basis. Base on our internal evaluation, we hold meetings with sub-contractors on a monthly or quarterly basis to discuss our feedback on their work performance. Our regional offices and the customer services center at our headquarters periodically inspect the work of our sub-contractors. We engage third-party companies to conduct customer satisfaction surveys regarding the quality of services provided by our sub-contractor. We also monitor the customer complaints received about the services provided by our sub-contractors. If the sub-contractor fails to improve their performance upon receiving the letter, we will categorize such sub-contractor as an “unqualified sub-contractor” and terminate our cooperation. Once any sub-contractor is categorized as “unqualified sub-contractor,” we will not invite such sub-contractor for bidding and or consider such sub-contractor for new business cooperation within two years.

### Key Terms of Our Sub-contracting Agreements

Our sub-contracting agreements typically include the following key terms:

- *Term.* Such agreements are typically signed for one-year terms and may be renewed by mutual consent. We will consider re-engaging the sub-contractors based on the quality of their services.
- *Performance standards.* The subcontracting agreement would set forth the scope and detailed standards of the sub-contractor's services, including, but not limited to, the areas to which the sub-contracting services relate, the age, background and qualifications of the subcontractors' employees and the frequency of specific services. For sub-contracting agreements in relation to services such as repair and maintenance of elevators and fire extinguishing systems, we may specify our expected standards as to their conditions and the types of inspections we require. We also require our sub-contractors to adhere to our internal policies, such as those to do with quality standards, safety, reporting times, uniforms and etiquette guidelines.
- *Our rights and obligations.* Generally, we have both the right and obligation to supervise and evaluate our sub-contractors. We are also responsible for providing them with the necessary support for the completion of their services, which may include, for example, the use of office facilities without charge. We generally pay sub-contracting fees on a monthly basis, depending on what is agreed on in the contract. We are entitled to collect damages for breach of contract or deduct sub-contracting fees if our subcontractors fail to adhere to our performance scope and standards.
- *Rights and obligations of subcontractors.* Our sub-contractors are responsible for obtaining all licenses, permits and certificates necessary for conducting their business operations in accordance with applicable laws and regulations. They also undertake to provide their services in accordance with the scope, frequency and standards of quality prescribed in the relevant subcontracting agreements.
- *Risk allocation.* Our sub-contractors manage their own employees, with whom we have no employment relationship. Our sub-contractors are responsible for compensating their own employees who suffer damages to person or property in the course of providing the contracted services. They are also responsible for damages to, or losses of, any person or property arising in the course of providing the contracted services.
- *Procurement of raw materials.* Our sub-contractors typically purchase the tools and other raw materials required for providing the contracted services.



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- *Termination and renewal.* We monitor and assess the performance of sub-contractors regularly. Generally, we have the right to terminate the agreement if our subcontractors fail to adhere to their obligations, make repeated mistakes or if we receive multiple complaints from our customers in relation to their services.
- *No assignment.* Sub-contractors may not assign or sub-contract their obligations to any third party.

### EFFECTS OF THE COVID-19 OUTBREAK

#### Effects of the COVID-19 Outbreak on Our Business Operations

An outbreak of respiratory illness caused by a novel coronavirus, which has been named as COVID-19 by the World Health Organization (“WHO”), was reported in December 2019 and continued to spread across China and globally in early 2020. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. According to the WHO’s situation report, as of the Latest Practicable Date, the COVID-19 outbreak had spread to more than 210 countries and regions, affected more than 41.6 million individuals and caused more than 1.1 million deaths worldwide.

In response to the COVID-19 outbreak, the PRC Government has imposed a number of measures across the PRC to curb the spread of COVID-19, including but not limited to, lock-down measures, travel restrictions and mandatory quarantine measures across various cities, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

As of the Latest Practicable Date, we managed 14 projects in Hubei province with a GFA under our management of approximately 4.7 million sq.m. In 2017, 2018 and 2019 and six months ended June 30, 2019 and 2020, we generated from providing services in Hubei province for approximately 0.4%, 0.9%, 1.0%, 1.4% and 1.2%, respectively, of our total revenue for the same period. Going forward, we anticipate that the extent of our operations in Hubei province will continue to be limited in terms of our expected revenue and GFA under our management.

Some of our community value-added services and value-added services to non-property owners were affected by the COVID-19 outbreak. In specific, the demand for our travel services was significantly reduced due to travel restrictions as a result of COVID-19 pandemic. We believe the impact was immaterial on our overall business operation and financial performance as the revenue generated from travel agency services accounted for 0.8% of our total revenue during the Track Record Period. As of the Latest Practicable Date, the COVID-19 outbreak had not materially affected our property management services. To the best of our Directors’ knowledge, as of the Latest Practicable Date, none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties due to confirmed COVID-19 cases. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to the services provided by our sub-contractors and utilities service providers and the supply of materials from our suppliers. Our Directors

consider that while the supply chains in all industries will be disrupted to a certain extent by the outbreak of COVID-19, particularly due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements, in view of the nature of our business, our Directors do not expect that our Group will encounter any material disruptions of our supply chain given that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts.

Since the outbreak of COVID-19 and up to the Latest Practicable Date, approximately 29 projects that were contracted to us for property management services experienced certain delays in delivery ranging from one to seven months from their originally planned delivery date. As of the Latest Practicable Date, 24 of the abovementioned 29 delayed projects had been delivered to us for property management, totaling approximately 1.8 million sq.m. in total GFA under management. The remaining five delayed projects had a total contracted GFA subject to delayed delivery of approximately 0.2 million sq.m., representing approximately 0.2% of our total contracted but undelivered GFA as of the Latest Practicable Date. As compared to the operating information in terms of property delivery to us for management in the period from January 1, 2019 to October 26, 2019, the primary change from that period to the corresponding period in 2020 is that we experienced unexpected delay in project delivery due to mainly the impacts from the COVID-19 pandemic and other factors beyond our control, as a number of property developers experienced material suspensions and/or delays in their property development work as a result of the restrictions and other regulations or policies that were put into place in early 2020 to prevent the spread of COVID-19. In addition, we extended payment schedule to some of our related parties, which led to a slight increase in the average trade receivable turnover days. Our Directors consider the financial impact from such delays in project delivery on us to be immaterial, particularly in light of the facts that such delayed projects only represented a small portion of the total contracted but undelivered GFA as of the Latest Practicable Date and the material increase in our revenue due to the continued business expansion despite any negative effects from the COVID-19 outbreak. In addition, since the outbreak of COVID-19 and up to the Latest Practicable Date, there has not been any material delay in the receipt of the property management fees or other services fee due to us from our customers, including our related parties and Independent Third Parties. Please see “Risk Factors—Risks Relating to Our Business and Industry—Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business” for further discussion on the risks related to delivery schedule due to the impacts from COVID-19.

According to CIA, unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, risks of property management service providers having to suspend operations or terminate the provision of property management and value-added services to customers, experience material interruption to the services provided by sub-contractors and utility service providers and supplies of raw materials, and reduce property management fees as a result of the COVID-19 outbreak are remote. As such, our Directors are of the view that the risk of our Group having to suspend our operations is remote. Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak. In the unlikely event that we are forced to reduce or suspend part of our operation, whether due to government policy or any other reasons beyond our control as a result of the COVID-19 outbreak, we estimate our existing financial resources (including cash and bank balances, settlement of trade receivables, and amounts due from related parties to be repaid before the Listing) as of June 30, 2020 could satisfy our necessary costs for over 12 months. We also estimate that, in the unlikely event mentioned above and based on the assumptions below except that there would be 10% of the proceeds from the Global Offering as allocated for general business operations and working capital, our Group will remain financially viable for over 36 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) all of our staff, including operational and administrative staff, are encouraged to take unpaid leave under mutual consent or dismissed upon proper notice in accordance with the employment contract and no significant compensation is incurred; (iii) we may incur additional staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iv) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level; (v) the expansion plan is delayed under such condition; (vi) there will be no further internal or external financing from Shareholders or financial institutions; (vii) no further dividend will be declared and paid under such situation; (viii) the trade receivables will be settled based on historical settlement pattern when they are due; (ix) the trade payables will be settled based on historical settlement patterns once they are due; and (x) that there are no material changes in the near future that would significantly affect the aforementioned key assumptions.

The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assessed that the likelihood of such situation is remote. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore, it is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment. Please see "Risk Factors—Risks Relating to Our Business and Industry—Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business" for more information about risks related to COVID-19 outbreak.

**Our Contingency Plan and Response towards the COVID-19 Outbreak**

In response to the COVID-19 outbreak, we have implemented a contingency plan to minimize the disruptions that may be caused to our business operations. Accordingly, we have established an internal team to monitor, prevent and control the COVID-19 outbreaks within our Company and the communities we manage. Further, we have established a series of internal rules and policies, including “Jinke Services Office Precautionary Measures Guidelines (《金科服務中心防控應知應會》)” and “Jinke Services Handbook for COVID-19 Control and Prevention (《金科服務新型冠狀病毒疫情防護操作手冊》),” and we have adopted enhanced hygiene and precautionary measures across the properties under our management since February 2020 in accordance with the same. Our precautionary measures include, among others, (i) regularly cleaning and disinfecting the common areas in our office premises; (ii) monitoring the medical symptoms of the visitors at our office premises by measuring their body temperatures; (iii) requiring our staff to wear suitable protective gear such as gloves and face masks; and (iv) promoting personal hygiene among our employees. Moreover, in light of the lockdown and travel restrictions in some of the cities we operate, we had internal guidelines on remote working to ensure the uninterrupted operation of our business.

**Effects of the COVID-19 Outbreak on Our Business Strategies**

We intend to further expand our business scale and solidify our market positions in the PRC. While the property market in the PRC may experience certain extent of impact as a result of the COVID-19 outbreak, given the continuous rise in the urban population and urbanization rate in China, we believe that the demand for residential and commercial properties will remain stable. According to the CIA Report, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown across the PRC but it will unlikely affect the regional macroeconomic development plan and talent attraction plan in the long run, and it is expected that once the outbreak is effectively controlled, the outlook for the demand of residential and commercial properties and related property management services in these cities will remain positive. We therefore believe that our expansion plan as discussed above is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in the “Future plans and use of proceeds” in this prospectus as a result of the COVID-19 outbreak.

We prioritize quality in our services and believe quality control is crucial to our long-term success and future prosperity. We have established a comprehensive quality control procedure, which includes, management of our services and employees as well as the selection, supervision and evaluation of third party sub-contractors and vendors.

**Quality Control of Our Services**

We first obtained the ISO 9001 international quality management system certificate in December 2001. Our current GB/T19001-2016/ISO9001-2015 certificate will be valid through November 2022. As advised by our PRC Legal Advisors, our Directors confirm that, as of the Latest Practicable Date, we had obtained all material licenses, permits, certificates and approvals from relevant authorities for our operations in the PRC. We are required to renew such licenses, permits and certificates from time to time. We do not expect material difficulties in obtaining such renewals as long as we meet the applicable requirements and conditions set by relevant laws and regulations.

***Feedback and Complaint Management***

To ensure the effective and consistent delivery of our high quality services, we have established various procedures and systems to monitor and maintain the quality of our services in our managed projects. During the ordinary course of our business operations, we receive feedback, suggestions and complaints from property owners and residents of the properties we manage from time to time regarding our services. We set up a national service hotline to manage our customer's feedbacks and complaints. Customers may also send us feedbacks or file for complaint through our online platform "Jinke Grande Community APP" (金科大社區).

We have also established internal procedures to record, process, respond to the feedback, suggestions and complaints, and conduct follow-up reviews of our responses to customers' feedback and complaints. For example, our internal procedure requires our employees to respond to customers' requests and complaints in a timely manner and solve the problems within a specified period of time according to the nature of the feedback or complaint. Our management system automatically upgrades the requests and complaints that are not addressed within the specified time to a higher level and send alarms to relevant employees for further solutions. Our headquarters conduct quarterly sampling tests on our responses to customers' feedback or complaint. We also evaluate our employees base on their responses to customers' complaint and punish the employees who fail to response to customers' complaint or feedback properly. During the Track Record Period and up to the Latest Practicable Date, we did not experience customer complaints in relation to our business and operation which we expect to have a material adverse impact on our operations or financial results.

***Standardized Services***

To ensure consistent and high-quality services, we strive to standardize our property management services across all our managed projects. Please see "—Competitive Strengths" in this section for more information.

Catering to the different needs of our diversified services, we have developed three standardized service systems for quality control:

- *Golden Butlers System (金管家體系)*. The Golden Butlers system mainly provides the service standards for our property management services and value-added services which cover the entire value chain of a property development project, including pre-delivery management, property development consultancy and property management services. We further refine our standards for some types of properties, including commercial properties, office buildings and industrial parks.
- *Golden Communities System (金悅家體系)*. The Golden Communities System mainly provides the service standards for our community value-added services, including home-living services, community management services, home decoration services and comprehensive traveling and living services.
- *Golden Technologies System (金慧家體系)*. The Golden Technologies System mainly provides service standards for various technology-related services under the four business lines, including the smart living technology solutions and other services in a variety of scenarios, such as property management services, sales assistance services and industrial parks management.

We believe that the three standardized service systems enable us to ensure consistency and quality in our services under different business lines and among our projects at various locations across the PRC.

As a result of our quality control, we have achieved high customer satisfaction rates as compared to that of the industry average during the Track Record period. According to CIA, our customer satisfaction rate among customers of our residential was over 90.0% for eight consecutive years from 2012 to 2019. In 2019, our customer satisfaction rate for residential property management amounted to 91.1%, far exceeding the industry average customer satisfaction rate of 75.4%.

### **Quality Control of Sub-contractors**

To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections on the sub-contractors.

We regularly evaluate the performance of our sub-contractors. Details of our internal quality control measures on the sub-contractors are set as below:

- we hold periodic meetings for each project to discuss, among other matters, the performance of sub-contractors who work on the project and give our sub-contractors feedback to help them improve their quality of work;

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- we evaluate our sub-contractors on a monthly basis. Base on our internal evaluation, we hold meetings with sub-contractors on a monthly or quarterly basis to discuss our feedback on their work;
- our regional offices and the customer services center at our headquarters periodically inspect the work of our sub-contractors;
- we engage third-party companies to conduct customer satisfaction surveys regarding the quality of services provided by our sub-contractors;
- we score our sub-contractors each year base on the results from our monthly evaluation, inspection and third-party customer satisfaction surveys. Base on such score, we rank our sub-contractors and categorize them as the “headquarters-level strategy sub-contractors,” the “regional sub-contractors,” the “qualified sub-contractors” and the “unqualified sub-contractors.”

If the sub-contractor fails to meet our quality standards, we will first provide feedback through meetings. If the sub-contractor fails to timely rectify, we will follow up with a letter. If the sub-contractor fails to improve their performance upon receiving the letter, we will categorize such sub-contractor as an “unqualified sub-contractor” and terminate our cooperation. Once any sub-contractor is categorized as “unqualified sub-contractor,” we will not invite such sub-contractor for bidding and or consider such sub-contractor for new business cooperation within two years.

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

We implement a variety of measures and policies to ensure the quality of the products and services offered by third-party vendors. For example, we typically ask the third-party vendors to pay a minimum deposit, which will be returned to them upon the termination of cooperation only if there was no instance of default regarding their services or products. Moreover, we typically settle the contract price with third-party vendors after we inspect and confirm the quality of products we receive. We also conduct sampling tests on the products provided by third-party vendors. If we suffer from losses as a result of the vendors’ defective products or underperforming services, we typically ask the third-party to rectify and delay the settlement of the contract price with such third-party vendor. If the third-party vendors receive multiple customers’ complaints or objection from the property owners’ association to their services at the relevant property under our management, we typically have the rights to terminate the contracts with such third-party vendors pursuant to the terms therein. We can also mitigate our losses by not returning the deposit we received from the relevant third-party vendors.



## **INTELLECTUAL PROPERTY**

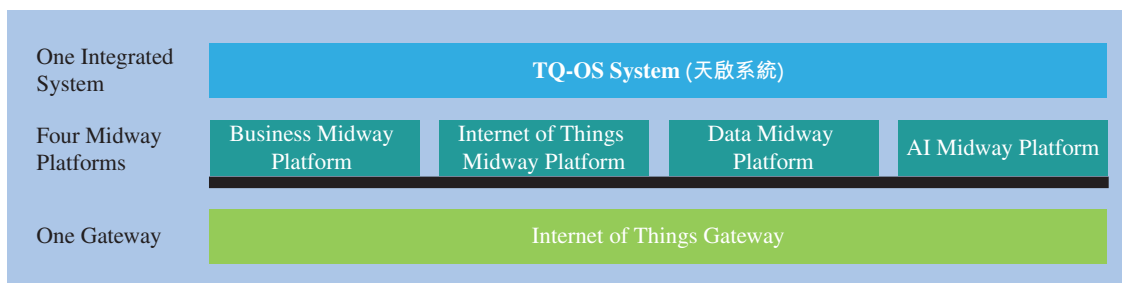
We regard our intellectual property rights material to our business. As of the Latest Practicable Date, we had registered two domain names and 16 trademarks registered in the PRC which, in the opinion of our Directors, are material to our business. Please see “Statutory and General Information—Intellectual property right of our Group” in Appendix VI to this prospectus for more information. As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or disputes with third parties with respect to intellectual property rights.

## **TECHNOLOGY AND DATA MANAGEMENT**

### **Infrastructure and Systems**

In order to reduce our reliance on manual labor and to improve our overall competitiveness, we employed technological solutions and strived to automatize our key business operations. We have applied a number of advanced technologies, including, among others, the Internet of Things technology, the video sensing technology, cloud computing and AI technology.

We have established comprehensive and intelligent operational system to increase operational efficiency. The chart below sets forth the structure of our integrated system:



- *TQ-OS System (天啟系統).* Our TQ-OS system (天啟系統) is an integrated big data system which collects data from our different business ends, consolidates the data into an integrated database that provides data reference for our employees and management.
- *Midway Platforms.* To support our business operation, we have established midway platforms to connect various business ends. We have established four midway platforms, namely, the business midway platform, the Internet of Things midway platform, the data midway platform and the AI (artificial intelligence) midway platform.

- Our business midway platform integrates the requests from each business ends, such as requests for payment, customers services and commodities. The centralized management of business requests allow us to optimize the allocation of resources and respond to each request in a timely and efficient manner;
  - Our Internet of Things midway platform utilizes cloud computing platform, the connectivity management platform (CMP), the device management platform (DMP) and the application enablement platform (AEP) to better connect our employees with facilities and hardware, thereby allowing them with greater access and control from remote locations;
  - Our data midway platform collects, processes, computes and analyzes data from each business ends and provide solutions base on the data analysis; and
  - Our AI (artificial intelligence) midway platform utilizes linux container technology and machine learning structure to develop artificial intelligence applications, which will provide an one-stop model to provide services in different scenarios.
- *Internet of Things Gateway.* Our four midway platforms are interconnected through our Internet of Things gateway. Our Internet of Things gateway serves as the connection point between the cloud and controllers, hardware sensors and intelligent devices. Our Internet of Things gateway helps to bridge the gap between our complicated IT infrastructure and our business ends by optimizing system performance through the operational data they gather and process.

Our TQ-OS System (天啟系統), Midway Platforms and Internet of Things Gateway are generally used in our daily operations and management to help us to effectively communicate with various business ends (among different departments within our Group and with external parties, such as certain of our customers and suppliers), optimize our filing and document retrieval process, and allow our employees to utilize various technologies with ease and in an organized and efficient manner. Together, these system help us to become more efficient in our operational management while lowering our communication costs.

### Mobile Applications

In order to provide quality services to customers and to integrate our business operations, we have established online platforms, namely, “Jinke Grande Community APP” (金科大社區) and “Jinke Grande Butlers APP” (金科大管家).

- “Jinke Grande Community APP” (金科大社區). Our “Jinke Grande Community APP” (金科大社區) provide a variety of property management services and community value-added services exclusively to the registered residents and property owners in the residential properties we manage. As of the Latest Practicable Date,

our Our “Jinke Grande Community APP” (金科大社區) had more than 668,000 registered users. Residents and property owners may sign up the “Jinke Grande Community APP” (金科大社區) with their names, phone numbers and addresses and enjoy the various online services, such as: (i) news and notifications: registered users can have access to various news and notifications in the communities, such as notification of power blackout; (ii) online bill payment: registered users can pay their utility fees such as water and sewage charges, electricity bills and water bills through our “Jinke Grande Community APP” (金科大社區) which directs users to third-party payment platforms; (iii) visitors management: registered users can make appointment for visitors including, among others, families and delivery men, property agency, handymen, through “Jinke Grande Community APP” (金科大社區) which will generate a code to grant visitors access to relevant property; (iv) repair and maintenance: registered users can request repair and maintenance services online; (v) parking spaces management: registered users can make online payment of car parking fees; and (vi) provide access to online healthcare consulting services provided by third parties: registered users can consult with doctors online through link(s) in the “Jinke Grande Community APP” (金科大社區). We believe the features provided by our “Jinke Grande Community APP” (金科大社區) can improve customers’ experience and enhance customers loyalty.

- “Jinke Grande Butlers APP” (金科大管家). We are dedicated to standardize and automatize our business operation through our “Jinke Grande Butlers APP” (金科大管家). The “Jinke Grande Butlers APP” (金科大管家) is accessible to all of our front-line employees. Based on the SaaS platform, “Jinke Grande Butlers APP” (金科大管家) specifies employee performance standards that cover various aspects of the services provided by our employees, including property delivery, home decoration, repair and maintenance and security check. We believe that “Jinke Grande Butlers APP” (金科大管家) automatizes our operation, which could reduce human errors to a minimum, ensure consistent service quality, reduce our reliance on manual labor and reduce our labor costs.

In addition to our mobile applications, we also have a mini APP, “Blessed Neighborhood (福鄰社)”, through which we provide an easy access for our customers to certain of our products and services. Please see “Risk Factors—Risks Relating to Our Business and Industry—We are exposed to interruptions and security risks in relation to our information technology systems and third-party online payment platforms, which may result in disruption of our operations” and “Risk Factors—Risks Relating to Our Business and Industry—Failure to protect confidential information of our customers and our network against security breaches, any actual or perceived failure by us or third parties to comply with applicable data protection laws and regulations or privacy policies could harm our business, financial condition and results of operations” for discussion relating to risks regarding our technology systems.

Our mobile applications have added more values to our property management services and community value-added services. “Jinke Grande Community APP” (金科大社區) provides customers with handy options for community livings so as to improve our customer’s experience with our property management services and “Jinke Grande Butlers APP” (金科大管家) ensures property management service quality and reduce our labor cost. “Jinke Grande Community APP” (金科大社區) also serve as an important platform for our community value-added services, through which our customers could initiate requests for home-living and/or home decoration services directly so to locate suitable vendors or suppliers more easily and efficiently, all of which help us to generate more revenue to the community valued-added service.

### Technology Services

Leveraging on our strong technological capabilities, we have developed a variety of smart living technology solutions. Please see “—Smart Living Technology Solutions” for more details.

### License and Qualification

According to the Telecommunication Regulation (《電信條例》), telecommunication business shall be conducted with a telecommunication business license/filling obtained from the Ministry of Industry and Information Technology or the competent telecommunications administrative authorities. The Catalog of Telecommunications Business (《電信業務分類目錄》) stipulates detailed categories of the telecommunications business. Pursuant to the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》), entities engaged in providing commercial Internet information service shall apply for a license for value-added telecommunication services of Internet information services. Commercial Internet information service refers to the service activities of compensated provision to online subscribers through the Internet of information or website production. Non-commercial Internet service refers to the provision free of charge of public, commonly shared information through the Internet to web users. Please see “Regulatory Overview—Regulation on Other Business of the Company” for more details.

During the Track Record Period, we provided certain commercial Internet information services through the “Jinke Grande Community APP” (金科大社區) mobile application, which mainly includes online marketing services to assist in the promotion and sales of products, such as displaying and providing details of products for promotion or sale on the mobile application and charging fees for such service. As advised by our PRC Legal Advisors, such services were within the scope of the licenses for valued-added telecommunication services that we held (the “**ICP Certificates**”). As advised by our PRC Legal Advisors, the operation of commercial Internet information services that involve foreign investment shall comply with the requirements in relation to the proportion of foreign investment pursuant to the relevant laws and regulations in the PRC. Since we planned to issue foreign shares upon the Listing, we filed an application to cancel the ICP Certificates on June 1, 2020, and had canceled the ICP Certificates as of the Latest Practicable Date. We do not expect to terminate the “Jinke Grande

Community APP” (金科大社區) in its entirety before the Listing, as only a part of the mobile application involves the provision of commercial Internet information services that fall within the scope of the ICP Certificates. Based on our management accounts, the revenue generated from such services contributed to approximately nil, nil, 0.1% and 0.1% of our total revenue in 2017, 2018, 2019 and the period from January 1, 2020 to the Latest Practicable Date, respectively. Accordingly, we consider that the cancellation of the ICP Certificates will not have any material adverse impact on our operational and financial performance going forward. Such commercial Internet information services operated through the mobile application has been terminated or adjusted in accordance with the relevant PRC regulations. As advised by our PRC Legal Advisors, the remaining (as adjusted) services, which mainly consist of certain free property management service-related functions, including but not limited to, news and notification regarding our services and/or information updates for communities under our management, such as power blackout alert; online bill payment such as payment for utility fees; visitors management which allows residents and tenants to make appointments for their visitors to the properties under our management; making repair and maintenance service requests to us; and providing access through the mobile application to allow users to receive online healthcare consulting services operated by third parties after the above-mentioned termination or adjustment provided through the mobile application are outside the scope of the ICP Certificates and have complied with the relevant PRC laws and regulations in all material respects.

Our PRC Legal Advisors are of the view that: (i) during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable PRC laws and regulations in relation to the provision of services through our mobile applications in all material aspects, and (ii) based on a confirmation letter issued by the Chongqing Administration of Communications (重慶市通信管理局) dated May 14, 2020, we had not been subjected to any administrative penalties due to any violation of such applicable laws or regulations during the Track Record Period and up to the date of the aforementioned confirmation letter.

### **Data Management**

We collect customer data to the extent necessary for us to provide services. For example, to register as a user of our “Jinke Grande Community APP” (金科大社區), residents must provide his or her names, phone number and home address. When shopping online on our “Blessed Neighborhood” (福鄰社) mini APP, customers need to provide their delivery addresses and contacts. We collect customer data from our “Jinke Grande Community APP” (金科大社區) and our daily operation with relevant consents from our customers. When signing up and activating their accounts, our registered users are required to enter into an agreements which permit us to collect and use their personal information in accordance with our privacy policy.

We only collect customer data to the extent necessary for us to provide services when we are engaged in provision of services to. We strictly control the access to, and usage of, those data with any third party without prior consent of the customer. We have a centralized system to manage our operation systems. Our employees sign into the data system with their respective account IDs and passwords, which are updated periodically. We have internal policies and guidance on the information technology security which aim to enhance the safety of our office facilities, network platforms (including our internal operation systems and our various business ends) and our confidential business data, to prevent information leakage and to comply with the relevant PRC laws and regulations, including the Cyber Security Law. These internal policies and guidance include, but are not limited to, (i) all employees coming into contact with any personal information through our systems, networks or equipment need to observe and follow detailed working procedures in handling such personal information, including non-disclosure of the information to any other person other than for necessary work purposes and through proper and designated work communication channels; (ii) any personal information collected by us are organized and stored following detailed procedures that prevent unintended leakage, damage or theft; (iii) a hotline is established to allow customers to provide feedback or report any data-related concern or complaints; and (iv) we have designated personnel to handle any data-related concern or complaints and monitor and address data security protection issues for internal departments to ensure that we comply with the relevant PRC laws and regulations relating to data privacy. Such internal policies and guidance protect the safety of, among other things, our computers, shared folders, software and network systems.

Our PRC Legal Advisors are of the view that we are compliant with the applicable data privacy laws and regulations, including the Cyber Security Law, in all material aspects in the PRC during the Track Record Period and up to the Latest Practicable Date.

### **Research and Development Team**

As of June 30, 2020, we had a team of 76 research and development personnel. Our in-house research and development team is primarily responsible for the development and maintenance of our information technology system and development and provision of our smart living technology solutions. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our research expenses were RMB0.7 million, RMB0.9 million, RMB3.2 million, RMB0.7 million and RMB3.2 million, respectively.

### **AWARDS AND RECOGNITIONS**

The following table set forth some of our awards received as of the Latest Practicable Date:

| <u>Year</u> | <u>Award/Recognition</u>                                                                                                          | <u>Awarding entity</u> |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 2008-2020   | Recognized as one of the Top 100 Property Management Service Companies in China (中國物業服務百強企業)                                      | CIA                    |
| 2016-2020   | Recognized as one of the Top 10 Property Management Service Enterprise in China in terms of Overall Strengths (中國物業服務企業綜合實力TOP10) | CIA                    |

## BUSINESS

| Year      | Award/Recognition                                                                                                                                        | Awarding entity                                                                   |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 2018-2020 | Recognized as one of the Leading Property Management Service Enterprises in China in terms of Quality of Services (中國物業服務百強服務質量領先企業)                     | CIA                                                                               |
| 2020      | Recognized as Leading Property Management Service Enterprise in terms of Technology Empowerment (2020中國物業科技賦能領先企業)                                       | CIA                                                                               |
| 2020      | Recognized as 2020 Leading Property Management Service Enterprise with Chinese Characteristics—City Service (2020中國特色物業服務領先企業—城市服務)                      | CIA                                                                               |
| 2020      | Recognized as 2020 Outstanding Property Management Service Enterprise in Chongqing (2020年度重慶優秀物業管理企業)                                                    | Chongqing Daily                                                                   |
| 2017-2019 | Recognized as one of the Top 10 Property Management Service Enterprises in China in 2019 in terms of Business Size (2019中國物業服務百強企業服務規模TOP10)             | CIA                                                                               |
| 2019      | Recognized as one of the Top 10 Property Management Service Enterprises in China in 2019 in terms of Overall Strength (2019物業服務企業綜合實力10強)                | China Property Management Institute (中國物業管理協會)                                    |
| 2019      | Recognized as 2019 Leading Property Management Service Enterprise in terms of Industrial Park Property Management (2019產業園區物業服務領先企業)                     | China Property Management Institute (中國物業管理協會)                                    |
| 2019      | Recognized as 2019 China Property Management Leading Brand in terms of Market-oriented Operation (2019中國物業服務市場化運營領先品牌企業)                                 | CIA                                                                               |
| 2019      | Recognized as 2019 Service Quality Leading Brand of China Property Service Companies (2019中國物業服務品質領先品牌企業)                                                | CIA                                                                               |
| 2019      | Vice President Unit of China Property Management Institute (中國物業管理協會副會長單位)                                                                               | China Property Management Institute (中國物業管理協會)                                    |
| 2017-2019 | Recognized as China Blue Chip Property Company (中國藍籌物業)                                                                                                  | The Economic Observer (經濟觀察報)                                                     |
| 2018-2019 | Recognized as Leading Enterprise in terms of Excellent Technology among China Blue Chip Annual Conference Property Company (中國藍籌物業年會卓越科技引領典範企業)          | The Economic Observer (經濟觀察報)                                                     |
| 2019      | Recognized as one of the 2019 Top 50 China Property Management Service Enterprises in terms of Brand Value (2019物業服務企業品牌價值50強)                           | China Property Management Institute (中國物業管理協會)                                    |
| 2019      | “Jinke Service” was recognized as one of the Top 50 Influential Publication in the Property Management Media Valuation (物業管理媒體測評(刊物)影響力TOP50(金科service)) | National Property Management Industry Media Collaboration Network (全國物業管理行業媒體協作網) |
| 2019      | Recognized as 2019 Potential Unicorn of Property Management Service (2019物業服務企業潛力獨角獸)                                                                    | China Property Management Institute (中國物業管理協會)                                    |
| 2019      | Recognized as 2019 Leading Property Management Service Enterprise in Southwestern China in terms of Service Quality (2019西南物業服務質量領先企業)                   | CIA                                                                               |



## BUSINESS

| Year      | Award/Recognition                                                                                                                                                                        | Awarding entity                                                                   |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 2018      | Recognized as one of the 2018 Top 100 China Community Service Providers (2018中國社區服務商TOP100)                                                                                              | Yihan Zhiku (億翰智庫)                                                                |
| 2018      | Recognized as one of the 2018 Top 50 China Model Community Service Enterprise in terms of Customer Satisfaction (2018中國社區服務商•客戶滿意度模範企業五十強)                                               | Yihan Zhiku (億翰智庫)                                                                |
| 2018      | Recognized as one of the 2018 Top 10 China Community Providers in terms of Community Culture Construction (2018中國社區服務商社區文化建設十強)                                                          | Yihan Zhiku (億翰智庫)                                                                |
| 2018      | Recognized as one of the 2018 Top 10 China Community Providers in terms of Innovation (2018中國社區服務商創新性十強)                                                                                 | Yihan Zhiku (億翰智庫)                                                                |
| 2018      | Recognized as 2018 Top 10 China Community Providers Featured—Smart City Operation Service Providers (2018中國社區服務商專業特色領域—智慧城市運營服務商)                                                        | Yihan Zhiku (億翰智庫)                                                                |
| 2018      | “Jinke Grande Community” was recognized as one of the Top 50 in terms of WeChat Public Accounts Influence in the Property Management Media Valuation (物業管理媒體測評微信公眾號影響力TOP50《金科大社區》微信公眾號) | National Property Management Industry Media Collaboration Network (全國物業管理行業媒體協作網) |
| 2017-2018 | Recognized as one of the China Top 100 Property Management Service Enterprises—Growth Potential Top 10 (中國物業服務百強企業成長性TOP10)                                                              | CIA                                                                               |
| 2018      | Recognized as one of the 2018 China Leading Property Management Company in terms of Characteristic Service—Smart Technology Property (2018中國特色物業服務領先企業—智慧科技物業)                           | CIA                                                                               |
| 2017      | Recognized as one of the 2017 Top 10 Community Service APPs among China Community Service Providers (中國社區服務商社區服務APP十強)                                                                   | Yihan Zhiku (億翰智庫)                                                                |
| 2017      | Recognized as one of the Top 10 among 2017 China Community Service Providers in terms of Customer Satisfaction (2017中國社區服務商客戶滿意度十強)                                                      | Yihan Zhiku (億翰智庫)                                                                |

## COMPETITION

The property management industry in the PRC is intensely competitive and highly fragmented with numerous market participants. However, according to CIA, property management market in China is becoming increasingly concentrated. Large-scale property management companies in China experienced improvement in profitability in the past years, which is partially attributable to the stable growth in GFA under management and effective cost control measures.

As a reputable player in comprehensive property management segment, according to the CIA report, we primarily compete against both national and regional property management companies. We believe the core competitiveness lies in factors including, among other things, our existing market leading position, support from Jinke Property, standardized service models, advanced technological capabilities, diversified sources of revenue and experienced management team. In 2020, we were ranked the tenth among the 2019 Top 100 Property Management Companies in China in terms of overall strengths. Please see “Industry Overview” for more details about the industry and markets that we operate in.

### OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. We have established occupational safety and sanitation systems, implemented the ISO45001 standards in our operations and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We consider the environmental protection important and are committed to operating our business in compliance with applicable environmental protection laws and regulations. We have obtained the GB/T24001 and ISO14001 environmental management system certification and have implemented reasonable measures in the operation of our businesses to comply with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for material non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

### INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC and is sufficient to cover our current operation. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including pension insurance, medical insurance, maternity insurance, work injury insurance and unemployment insurance, which are mandatory under PRC laws, and accidental insurance, employer responsibility insurance, business vehicle insurance, public liability insurance and property management insurance, which are not mandatory under PRC laws.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. Please see “Risk Factors—Risks Relating to Our Business and Industry—Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter associated during the ordinary course of operation” for more details.

### EMPLOYEES

#### Overview

We believe that our quality personnel is our key to success and future development. We place strong emphasis on recruiting and training quality personnel. We recruit talent from various sources, such as universities, and provide on-going training and promotion opportunities to our staff members.

## BUSINESS

As of June 30, 2020, we had a total of 8,548 full time employees in the PRC. The following table sets forth a breakdown of our employees by function as of June 30, 2020:

| <b>Function</b>                                                       | <b>Number of employees</b> | <b>% of our total employees</b> |
|-----------------------------------------------------------------------|----------------------------|---------------------------------|
| On-site property management services personnel <sup>(1)</sup> . . . . | 6,905                      | 80.8                            |
| Management personnel <sup>(2)</sup> . . . . .                         | 573                        | 6.7                             |
| Project managers and project manager in reserve . . . .               | 429                        | 5.0                             |
| Community value-added services personnel . . . . .                    | 260                        | 3.0                             |
| Pre-delivery services personnel . . . . .                             | 142                        | 1.7                             |
| Business development personnel . . . . .                              | 163                        | 1.9                             |
| Research and development personnel . . . . .                          | 76                         | 0.9                             |
| <b>Total . . . . .</b>                                                | <b>8,548</b>               | <b>100.0</b>                    |

*Notes:*

- (1) Refers to our staff directly providing our property management services, excluding the employees who serve at the management positions.
- (2) Refers to regional management personnel and management personnel at the headquarters level.

The following table sets forth a breakdown of our employees by geographic location as of June 30, 2020:

| <b>Geographic location</b>                  | <b>Number of employees</b> | <b>% of our total employees</b> |
|---------------------------------------------|----------------------------|---------------------------------|
| Southwestern China Region . . . . .         | 6,052                      | 70.8                            |
| Eastern and Southern China Region . . . . . | 1,563                      | 18.3                            |
| Central China Region . . . . .              | 669                        | 7.8                             |
| Other regions . . . . .                     | 264                        | 3.1                             |
| <b>Total . . . . .</b>                      | <b>8,548</b>               | <b>100.0</b>                    |

Our employees are largely young. As of June 30, 2020, the majority of our employees were young adults between 20 years old to 39 years old. We also have a management team with extensive industry experiences and solid educational background. As of June 30, 2020, approximately 71.6% of our management personnel had a bachelor's degree or higher education background.

We have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. Neither did we have any material disputes with our employees, or experience any strike, labor disputes or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

### Recruiting

We rely on high quality personnel for our consistent delivery of high quality service. We endeavor to hire the best talented employees in the market by offering competitive wages, bonus, benefits, systematic training opportunities and internal upward mobility. Our recruiting processes primarily comprise the following stages:

- *Confirming recruitment requests.* Our human resource department receives recruitment requests from relevant business department and confirms such requests are in compliance with the annual recruitment plan of our Group typically established by the beginning of each fiscal year;
- *Screening and selection.* Our screening and selection processes primarily include (i) review and screening of resumes by the human resources department and the relevant recruiting department, (ii) video interviews or face-to-face interviews by the human resources department and the relevant recruiting department, and (iii) we may also arrange additional tests or interview, such as leadership assessment, according to our internal policies; and
- *Recruitment decision.* We evaluate and select outstanding candidates base on a variety of factors, including technical knowledge, industry experience, professional skills, soft skills, work ethics and personalities. We aim to find the best fit for each position and typically will do a background search of potential candidates before sending offers.

We have established recruitment programs to attract talents. For example, we recruit lateral professionals through our “Tong Yue (同悦)” recruitment plan. We seek to identify talents with professional knowledge, solid experience, strong professional skills and soft skills, enthusiasm to work and culture fit with our Group. As of the Latest Practicable Date, our 12 regional offices had hired outstanding employees through our “Tong Yue (同悦)” recruitment plan. We also hire outstanding graduates from “Star Student (星悦生)” campus recruitment programs. As of the Latest Practicable Date, we held recruitment events at 31 universities across 18 cities in the PRC, and had brought excellent talents to our team.

### Training

We provide various systematic and extensive training programs to our employees. Our employee training programs primarily cover key areas in our business operations, which provide continuous training to our existing employees at different levels to specialize and strengthen their skill sets. Our employee training programs are primarily classified into the following categories:

- *New Employees Orientation Programs.* We provide orientation programs for our new employees, typically within two months when the new employee is on board. Our new employees orientation programs typically include, among other forms of trainings, corporate culture trainings, internal policies trainings, professional skills trainings and mentorship programs. We have established various internal guidelines, including “Procedures for New Employees Mentoring Management” (《入職引導人管理辦法》) and “Guidance on Communication with Newly Employed Management Members” (《新引進幹部溝通指引》) to standardize the orientation programs in order to help the new employees to quickly adapt to our working environment;
- *Corporate Culture Training Programs.* To maintain a people-oriented and cooperative working environment, we provide corporate culture trainings to our employees. We also provide corporate culture trainings to our new employees as a part of the orientation programs. Our corporate culture training programs typically include lectures, forum meetings and various team events or group activities, such as sports meetings and professional skill competitions, which we believe will enhance our employees’ sense of belonging;
- *Multi-Layered Leadership Training Programs.* We have established Jinke Services Institute (金科生活服務學院) to provide multi-layered leadership training programs for our employees at different positions, ranging from junior employees to department directors. For example, we provide “Star Student (星悦生)” training program for our newly hired graduates to help them develop professional skills. In addition, we provide our junior management members with the “Young Guard (青年近衛軍)” which help them develop their management skills. We also provide “managers training camp (主管訓練營)”, “project managers reserve training camp (項目經理後備訓練營)” and “supervisors reserve training camp (總監後備訓練營)” to our management members at different levels. In addition, we offer our senior management members regular opportunities to study abroad to learn about international corporate management theories and practices. We believe our multi-layered leadership training programs can improve the professional skills and management skills of our employees, improve their performance in workplace and provide our employees with career development opportunities; and

- *External Training Programs.* We regularly provides external training opportunities for our employees to learn and communicate with other leading companies in the industry. We also invite experts from professional training companies to give lectures to our employees from time to time. We believe external training programs can help employees to improve their professional skills and enhance their professional capabilities.

### **Incentive Schemes**

We have always considered talent as one of our core competitiveness and continuously improved and optimized our human resource system to promote our employees' productivity and retain talents. We offer competitive salaries to our employees and adjust our salary package from time to time to compete with other players in the industry. We developed a rotation program for our employees to work in different positions and departments. We believe the rotation program can help our employees to develop a broad range of skills and knowledge as well as deepen their understanding of our operation, management and corporate culture. Moreover, the rotation program helps us identify the best fit position for individual employees and realize their full potentials.

Moreover, we consider our employees as our important stakeholders and cooperative partners. To link our employees' performance with our corporate goal and further align their interest with ours, we have also developed employee stock ownership plans. Please see "History, Reorganization and Corporate Structure—Reorganization—Adoption of the 2020 Employee Stock Ownership Plan" for more details.

### **Social Insurance and Housing Provident Fund Contributions**

During the Track Record Period, our Company and some of our PRC subsidiaries and branch offices failed to register for and/or make full contribution to the social insurance and housing provident funds for some of our employees as required under PRC law, primarily because: (i) newly enrolled employees had not yet started contribution, (ii) some employees had made relevant contributions from their previous employment; and (iii) the staff who were in charge of this matter did not fully understand the different regulatory requirements in certain areas where we operated.

According to the relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, (i) the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine from one to three times to the amount of the outstanding contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. If the payment is not made within such time limit, an application may be made to PRC courts for compulsory enforcement. In addition, we will be fined RMB10,000 to RMB50,000 for failing to make the housing provident fund

registration within the prescribed time limit. Please see “Regulatory Overview—Labor and Social Security Related Laws and Regulations” and “Risk Factors—Risks Relating to Our Business—We may fail to register for and/or contribute to social insurance and housing provident funds for some of our employees.”

Our Directors believe that such failure to register for and/or make full contribution to the social insurance and housing provident funds would not have any material and adverse effect on our business and results of operations, considering that: (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notifications from the relevant PRC authorities requiring us to pay material shortfalls or the penalties with respect to social insurance and housing provident funds; (ii) we had not been subject to any administrative penalties during the Track Record Period and up to the Latest Practicable Date; (iii) we were not aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date; (iv) we have made provisions for the shortfall in the total amount of RMB1.2 million, RMB1.6 million, RMB1.4 million and nil, respectively, on our financial statements in respect of such potential liabilities in 2017, 2018 and 2019 and the first half of 2020; (v) our Company and a majority of our PRC subsidiaries and branch offices have obtained written confirmations from local social insurance and housing provident funds authorities, stating that there was no due and unpaid social insurance and housing provident funds, or no administrative penalty has been imposed on us during the Track Record Period; and (vi) our PRC Legal Advisors advises that risk of being penalized for the non-compliances in relation to social insurance and housing provident funds is remote, on the ground that, under the relevant PRC laws and regulations, the relevant PRC authorities would need to provide a prescribed period to rectify the abovementioned shortfall in social insurance and housing provident funds before imposing any administrative penalties. Given the we have made the relevant provisions for the outstanding social insurance and housing provident funds and we undertake to make full payments for any outstanding social insurance and housing provident funds demanded by the relevant PRC authorities within the prescribed periods (if any) to ensure that no administrative penalties would be imposed on the Group. We are advised by our PRC Legal Advisors that the relevant written confirmations were issued by the competent authorities.

In light of the above, our PRC Legal Advisors advised that our aforementioned failure to register for and/or make full contributions to the social insurance and housing provident funds for our employees would not have a material adverse effect on our business operations.

In order to enhance compliance with relevant PRC laws and regulations going forward, we kept abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds. We have adopted various internal policies and procedures to ensure that we establish the relevant accounts and make the required contributions to the social insurance and housing provident fund for our employees according to applicable laws and regulations and keep an internal record for the contribution made. We



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regularly review our contribution to the social insurance and housing provident fund and consult external counsel to ensure compliance with applicable PRC laws and regulations in relation to social insurance and housing provident funds.

### **OUR BANK ACCOUNT AND CASH MANAGEMENT POLICY**

We have a bank account and cash management system to manage the cash inflows and outflows of our branches in their ordinary course of business in accordance with PRC laws and regulations. We have established a cash management policy to monitor the work process of our subsidiaries and branches, including but not limited to, requiring the approval of opening bank account, closing bank account and cash payments from our headquarters, taking stock of the bank accounts and checking the cash balances monthly as well as reconciling the accounts monthly to lower the risks associated with cash management. The use of cash by our subsidiaries and branches shall be pre-approved by our headquarters. The payment should check the amount of cash payment and the use of proceeds against our headquarters' approval. Furthermore, we strictly control our employees' use of cash and expressly forbid our employees to use our cash for private or other purposes not in line with our ordinary course of business.

### **INTERNAL CONTROL AND RISK MANAGEMENT**

We have implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from our operations. Risks identified by our management team, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. Please see “Risk Factors—Risks Relating to Our Business and Industry” for more details of the major risks identified by our management.

In addition, we face various financial risks, including but not limited to interest rate, price, credit and liquidity risks that arise during our ordinary course of business. Please see “Financial Information—Market Risks” for further discussion.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will adopt, among others, the following risk management and internal control measures:

- we have adopted various quality control and supervision measures and procedures to prevent risks relating to our services. Please see “—Quality Control” for more details.
- we have established an audit committee responsible for overseeing our financial records and risk management and internal control procedures and policies. Please see “Directors, Supervisors and Senior Management-Board Committees—Audit Committee” in this prospectus for details on the qualifications and industry experiences of the committee members and description of the duties and responsibility of the committee.

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

We strive to foster a strong compliance culture among our employees. To achieve such compliance culture and set the expectations for individual behavior across our Group, we adopted procedures and policies to ensure strict accountability of individual employees, and regularly conduct internal compliance checks and inspections and conduct compliance training.

Taking into consideration of the above and the internal policies when adopted effectively and implemented, our Directors' view is that our enhanced internal control measures are adequate and effective for our current business environment.

## PROPERTIES

As of June 30, 2020, the properties we owned in the PRC comprising five parking lots with an aggregated GFA of approximately 30,175.0 sq.m., which we held for self-use or lease.

As of June 30, 2020, we leased 243 properties in China with a total GFA of more than 29,144.8 sq.m. primarily for office premises and staff dormitories in the PRC. None of these properties is individually material to our operations.

As of June 30, 2020, the lessors of 110 of the aforementioned leased properties in the PRC had not obtained or provided us with the relevant building title certificates. As advised by our PRC Legal Advisors, we are unable to ascertain whether the lessors have the legal right or requisite authority to lease such properties to us, whether such properties are subject to mortgages or third-party rights, or whether such leases are subject to challenge by third parties. Our Directors are of the views that, as the leased properties without building title certificates are mainly used for our offices and staff dormitories, and replacement premises are readily available, such defects will not have a material adverse effect on our business or financial condition taken as a whole.

As of June 30, 2020, we had not filed the lease agreements for 235 of our aforementioned leased properties under which we are tenants with local housing administration authorities as required under PRC laws. We require cooperation from the landlords of the leased properties to register such lease agreements, as the registration requires the submission of certain documents from the landlords, including their identification documentation and property ownership certificates, to the relevant authorities. Therefore, the registration is subject to the cooperation of landlords which is not within our control. Our PRC Legal Advisors have advised us that we might be ordered to rectify this non-filing by competent authorities and if we fail to rectify within a prescribed period, an administrative penalty of a fine up to RMB10,000 for each unregistered lease may be imposed on us as a result of such non-filing. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to rectification or potential administrative penalties as a result of our failure to file the lease

agreements described above. Our PRC Legal Advisors have also advised us that the risk of us being penalized is low, mainly because any penalty would only be imposed after any failure to rectify the issue after a prescribed period instituted by the relevant PRC authorities as discussed above and the fact that we would continue to exert best efforts to seek the landlords' cooperation and register such lease agreements. Accordingly, no provision has been made in our financial statements. Our PRC Legal Advisors have also advised us that the failure to file the lease agreements would not affect the validity of the lease agreements nor would such non-filing have a material adverse effect on our business operations or constitute a material legal obstacle for the Listing. Please see "Risk Factors—Risks relating to Our Business—Some landlords may not have provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities" for more details.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal Proceedings

We may be involved in legal proceedings or disputes in the ordinary course of business from time to time, such as contract disputes with our customers and suppliers. As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

### Compliance

Our Directors confirmed that we had not been subject to any material fines or legal actions involving non-compliance with any PRC laws or regulations relating to our business during the Track Record Period and up to the Latest Practicable Date.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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### OVERVIEW

Our Company was established in the PRC as a limited liability company on July 18, 2000 and was converted into a joint stock company with limited liability on May 28, 2020. Immediately following the Global Offering (without taking into account the exercise of the Over-allotment Option), Jinke Property will hold approximately 53.97% of our Company's total share capital. Jinke Property is a joint stock company listed on the Shenzhen Stock Exchange (stock code 000656.sz) and will be our Controlling Shareholder under the Listing Rules.

The Listing constitutes a spin-off from Jinke Property. Pursuant to the Spin-off Circular, the offshore listing of shares of subsidiaries controlled by domestic listed companies are required to comply with the requirements set out in the Spin-off Circular. As advised by our PRC Legal Advisors, our Company has obtained all necessary approvals and authorizations in the PRC in relation to the Listing.

### DELINEATION OF BUSINESS

The table below sets out the principal businesses and target customers of our Group and Jinke Property Group.

|                      | <u>Principal businesses</u>                                                                                                                                                                                                                                                                                   | <u>Target customers</u>                                                                                                                                                                                                                                                                                                                             |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Our Group            | <ul style="list-style-type: none"><li>• Property management services</li><li>• Value-added services to non-property owners</li><li>• Community value-added services</li><li>• Smart living technology solutions</li></ul>                                                                                     | <ul style="list-style-type: none"><li>• Property developers, public entities, property owners and residents</li><li>• Non-property owners, the majority of whom are property developers</li><li>• Property owners, residents and others</li><li>• Property developers, other property management companies, property owners and residents</li></ul> |
| Jinke Property Group | <ul style="list-style-type: none"><li>• Property development and sales<ul style="list-style-type: none"><li>— Residential property development and sales</li><li>— Commercial property development and operation</li><li>— Industrial park development and operation</li></ul></li><li>• New energy</li></ul> | <ul style="list-style-type: none"><li>• Property owners</li><li>• State Grid</li></ul>                                                                                                                                                                                                                                                              |

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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### Excluded Businesses

#### *Jinke Zhixin Group Co., Ltd.\* (金科置信集團有限公司)*

Pursuant to a cooperation agreement dated January 23, 2019 (the “**Cooperation Agreement**”), Jinke Property (through its wholly-owned subsidiary) acquired 55% equity interest in Sichuan Jincheng Zhihe Industrial Co., Ltd.\* (四川金誠置合實業有限公司) (“**Jincheng Zhihe**”) by capital injection in September 2019. Subsequent to the completion of such capital injection, Jincheng Zhihe was renamed as Jinke Zhixin Group Co., Ltd.\* (金科置信集團有限公司) (“**Jinke Zhixin**”) and the remaining 45% equity interest of Jinke Zhixin was held by Chengdu Zhixin Industrial Group Limited\* (成都置信實業(集團)有限公司) (“**Chengdu Zhixin**”), an Independent Third Party property developer. Given that Jinke Property does not have control over Jinke Zhixin through beneficial ownership nor board control and Jinke Zhixin is not consolidated into the financial statements of Jinke Property, Jinke Zhixin is therefore accounted for as an associated company of Jinke Property.

To the best knowledge of our Directors, Jinke Zhixin and its subsidiaries (“**Jinke Zhixin Group**”) are engaged in development and investment of industrial parks in the PRC, and provision of operational services and property management services to industrial parks it developed. Based on the understanding and belief of Jinke Property, as of the Latest Practicable Date, there were two industrial parks which are managed by certain subsidiaries of Jinke Zhixin located in Chengdu, Sichuan Province with an aggregated GFA of approximately 1.68 million sq.m.

Since (i) the operation of Jinke Zhixin (including its own management and operation team, and finance and accounting systems) are independent from our Group; (ii) Jinke Property does not have control over Jinke Zhixin nor any of its subsidiaries through beneficial ownership nor board control, and unanimous consent would be required for major decisions on business operation of Jinke Zhixin Group and Jinke Property will not be able to make such major decisions unilaterally; (iii) Chengdu Zhixin, as a shareholder holding 45% equity interest in Jinke Zhixin, is entitled to a right of first refusal to acquire the equity interest in Jinke Zhixin according to the PRC Company Law, and we believe it is unlikely that Chengdu Zhixin would waive its right of first refusal if Jinke Property intends to dispose of its equity interest in Jinke Zhixin; (iv) there is a restriction under the Cooperation Agreement which provides that any transfer of interest in Jinke Zhixin would require the consent of non-transferring shareholder, and tremendous and unjustifiable efforts would be required to obtain such consent from Chengdu Zhixin and there is uncertainty if the relevant consent could eventually be obtained; and (v) Jinke Zhixin Group is currently engaged in other businesses such as property development and investment business and provision of operational services to the industrial parks (“**Other Businesses**”) in addition to property management business and the Other Businesses are not in line with our core business, our Directors are of the view that (i) it is practically impossible to include Jinke Zhixin in our Group; and (ii) even if it is possible to acquire Jinke Zhixin, it is not in our interest as it will cause us to engage in business that may be in competition with the business of our Controlling Shareholder nor in line with our strategic focus to acquire Jinke Property’s direct non-controlling interest in Jinke Zhixin. As such, Jinke Zhixin was not included in our Group as part of the Reorganization.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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As of the Latest Practicable Date, none of our Controlling Shareholder, its close associates and our Directors had any interest in any business which competes or is likely to complete, directly or indirectly, with our businesses which would require disclosure under Rule 8.10 of the Listing Rules.

To ensure that competition will not exist in the future, Jinke Property entered into the Deed of Non-Competition in favor of our Company to the effect that it will not, and will procure its respective close associates (other than our Group) not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in, interested in any business which may be in competition with our Group's business, further details of which are set out in the paragraph headed "—Deed of Non-Competition" below.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

We believe that we are capable of carrying on our business independently of our Controlling Shareholder and its respective close associates (other than our Group) after the Listing for the following reasons:

#### Management Independence

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Two of our non-executive Directors hold management positions in Jinke Property, namely Mr. Luo Licheng and Mr. Liang Zhongtai. For details of their employment with Jinke Property, see "Directors, Supervisors and Senior Management—Non-executive Directors."

Other than Mr. Luo Licheng and Mr. Liang Zhongtai, none of our Directors holds any directorship or senior management role in Jinke Property Group. Mr. Luo Licheng and Mr. Liang Zhongtai are our non-executive Director and will not be involved in the day-to-day management or affairs and operations of our businesses. There is no overlap of senior management members between our Group and Jinke Property Group.

In the event that the two 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, the remaining Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors, will have sufficient expertise and experience to fully consider any such matter. Despite of having two overlapping Directors, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business independently from our Controlling Shareholder for the following reasons:

- (a) save as disclosed above, none of the businesses of the companies owned by our Controlling Shareholder and its close associates competes, or is likely to compete, with our business and with the corporate governance measures in place to manage existing and potential conflicts of interest, therefore, the dual roles assumed by the two 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;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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- (b) we have three independent non-executive Directors, and certain matters of our Company, including continuing connected transactions and other matters referred to in the Deed of Non-competition, details of which are set out in the paragraph headed “—Deed of Non-Competition” below, must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and
- (c) in the event of conflict of interests, the relevant Director(s) will abstain from voting and will be excluded from deliberation by our Board. We believe our Directors with no overlapping directorships have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of conflict of interests. Please see “Directors, Supervisors and Senior Management—Board of Directors” in this prospectus for the relevant experience and qualifications of our Directors.

### **Mutual and Complementary Relationship with Jinke Property Group**

Benefiting from our history and long term cooperation relationship with Jinke Property, we have been providing property management and various value-added services to Jinke Property Group since our establishment. We believe our ongoing business relationship with Jinke Property Group is both mutually beneficial and complementary.

According to CIA, high-quality property management services enhance client satisfaction and add value to the market reputation of property developers for their developed properties. Thus, property developers would select and work closely with trustworthy and well-resourced property management companies which are able to provide a comprehensive range of services at higher standard. Through years of cooperation, our Group and Jinke Property Group have developed a mutual and in-depth understanding of each other’s business operations and shared a similar service philosophy and geographic coverage. We believe that our ability to maintain a high bidding success rate for properties developed by Jinke Property Group is owed to our long-standing track record to work with Jinke Property Group and our familiarity with their needs, which enables us to reduce communication costs and provide services tailored to Jinke Property Group’s stringent demands and requirements. See “Business—Our Competitive Strengths—Sustainable and Rapid Growth Fueled by Strong Support from Jinke Property Group” for more details on the business benefits from our long-standing relationship with Jinke Property Group. We believe our close and long-term cooperative relationship with Jinke Property Group is instrumental to its success in establishing a distinguished and well-recognized brand image nationally, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry.



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Meanwhile, our ability to maintain high retention rate with properties under our management during the Track Record Period also demonstrated the level of client satisfaction for our high quality services, which indicates Jinke Property Group's reliance on our support to promote their brand image by continuously delivering quality property management services to property owners and residents of its developed properties. We believe it is commercially beneficial for both Jinke Property Group and our Group to maintain such a stable and strategic business relationship. Our Directors therefore consider that our business relationship with Jinke Property Group is unlikely to terminate or materially or adversely change due to its mutual and complementary nature. Going forward, based on our mutual and complementary business relationship, and considering the amount of time and efforts required to secure other service providers who can possibly provide services of comparable standard and scope, we consider we have competitive advantage which distinguishes us from our competitors and we believe will continue to secure future engagements from Jinke Property Group. For more information, see "Business—Our Competitive Strengths—Sustainable and Rapid Growth Fuelled by Strong Support from Jinke Property Group."

### **Operational Independence**

The business operations of our Group are carried out separately from the business operated by our Controlling Shareholder. We have full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholder and its respective close associates and will continue to do so after the Listing.

We believe that, with our strong business development capabilities and market reputation as a quality property management service provider, the revenue contribution attributable to independent property owners and property developers as compared to our total revenue will continue to increase due to the increment in revenue derived from (i) independent individual property owners of the residential property projects currently under development by Jinke Property Group which we have been engaged for providing property management services, which is expected to account for the majority of our Group's revenue; and (ii) property developers other than Jinke Property Group as a result of our Group's increased efforts in participating in the selection or tender process conducted by other property developers and potential customers which are Independent Third Parties and acquisitions of property management projects.

### ***Licenses required for operation***

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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### *Access to customers/suppliers/business partners*

We have a large and diversified base of customers that are unrelated to our Controlling Shareholder and/or its respective close associates. The majority of the customers of our Group are third-party property owners or third-party lessees independent from the companies controlled by our Controlling Shareholder. We have independent access to the suppliers and other business partners as well. We do not have any overlapping major customer and supplier with our Controlling Shareholder.

### *Operational facilities*

As of the Latest Practicable Date, we leased properties from Jinke Property Group with a total GFA of approximately 1,390 sq.m. mainly for office use. Save as disclosed above, all the properties, facilities and equipment necessary to our business operations are independent from our Controlling Shareholder and its respective close associates.

### *Employees*

As of the Latest Practicable Date, all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, advertisements in newspapers, recruiting firms and internal referrals.

### *Connected transactions with our Controlling Shareholder*

The section headed “Connected Transactions” in this prospectus sets out the continuing connected transactions between our Group and our Controlling Shareholder or its associates which will continue after the completion of the Listing. All such transactions are determined after arm’s-length negotiations and on normal commercial terms. In determining the fees for services between our Group and our Controlling Shareholder or its associates, factors such as location and condition of the project, the service scope, labor and other costs are taken into consideration where applicable. The fees are then determined with reference to prevailing market rates.

As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transactions with our Controlling Shareholder and its associates at a reasonable percentage to our total revenues after the Listing. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

### **Financial Independence**

In 2015 and 2018, Jinke Property entered into asset-backed securities (“ABS”) agreements and asset-backed notes (“ABN”) agreements with Independent Third Party asset management companies, respectively. The ABS and ABN were secured by the pledge of the rights to receive the property management fees from certain properties under our management, and an undertaking from Jinke Property that it would pay any difference between the amounts

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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paid by us and the outstanding amount due under the ABS and ABN agreements. Jinke Property and us have repaid all outstanding amounts under the agreements relating to ABS and ABN and released all obligations under the ABS and ABN agreements as of the date of this prospectus. Please see “Financial Information—Indebtedness—Borrowings” for more details.

As of August 31, 2020, all loans and balances due to or from our Controlling Shareholder or its close associates which did not arise out of the ordinary course of business had been fully repaid. We did not have any share pledges or guarantees provided by or to our Controlling Shareholder and its respective close associates on our borrowing.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholder and its respective associates.

### DEED OF NON-COMPETITION

Jinke Property has entered into a Deed of Non-competition in favor of our Company, pursuant to which Jinke Property has unconditionally and irrevocably undertaken to our Company that it will not, and will procure its close associates (save for members of our Group) not to directly or indirectly be involved in, interested in or undertake any business that directly or indirectly competes, or may compete, with our business (the “**Restricted Businesses**”), or hold shares or interest in any company or business that competes or may compete directly or indirectly with the business engaged by us from time to time, or conduct any Restricted Businesses, except where our Controlling Shareholder and its close associates hold (i) less than 30% of the total share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange); or (ii) less than 10% of interest of any private company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and/or they do not possess the right to control the board of directors of such company. The above restrictions do not apply (i) when our Group engages in a new business that is not included in the Restricted Businesses and at the time of commencement of such new business, our Controlling Shareholder had already been conducting or been involved in, or otherwise been interested in, the relevant business; and (ii) to the equity interest indirectly held by Jinke Property from time to time in Jinke Zhixin as described in “Excluded Businesses— Jinke Zhixin Group Co., Ltd. (金科置信集團有限公司)” above.

Further, Jinke Property has undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the “**Competing Business Opportunity**”) is identified by/made available to it or any of its close associates, it shall, and shall procure that its close associates shall, refer such Competing Business Opportunity to us on a timely basis by giving written notice (the “**Offer Notice**”) within 30 business days of identifying the target company (if relevant), the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for us to consider whether to pursue such Competing Business Opportunity.

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Upon receiving the Offer Notice, we shall seek approval from a board committee who does not have an interest in the Competing Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity. Any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity. The Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board shall, within 30 business days of receipt of the Offer Notice, inform Jinke Property in writing, on behalf of us, its decision whether to pursue or decline the Competing Business Opportunity.

Jinke Property shall be entitled but not obliged to pursue such Competing Business Opportunity if it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 business days’ period mentioned above. If there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by Jinke Property, it shall refer such revised Competing Business Opportunity to us as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if Jinke Property ceases to control, whether directly or indirectly, 50% or above of our Shares with voting rights or we cease to be a subsidiary of Jinke Property or our H Shares cease to be listed on the Stock Exchange.

Jinke Property has further undertaken to us that it will provide and procure its close associates to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition. It will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholder;
- we will disclose the decisions on matters reviewed by our independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of the Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

### CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholder and its respective close associates may not compete with us as provided in the Deed of Non-Competition. Our Controlling Shareholder has confirmed that it fully comprehends its obligations to act in our Shareholders' best interests as a whole and is fully aware of the compliance of Rule 8.10 of the Listing Rules. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free from any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors, Supervisors and Senior Management—Board of Directors—Independent Non-executive Directors" in this prospectus;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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- (d) we have appointed Guotai Junan Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;
- (f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by Jinke Property and its compliance with such undertakings; and
- (g) on an annual basis, our independent non-executive Directors will review the compliance of Rule 8.10 of the Listing Rules by our Controlling Shareholder.

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## CONNECTED TRANSACTIONS

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Our Group has entered into a number of agreements with parties who will, upon completion of the Listing, become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

**(A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

**1. Trademark Licensing Agreement**

On June 11, 2020, a trademark licensing agreement was entered into between our Company (for ourselves and on behalf of our subsidiaries) and Jinke Property (the “**Trademark Licensing Agreement**”), pursuant to which Jinke Property agreed to irrevocably and exclusively grant us a non-transferable license to use certain trademarks owned by it in the PRC for a perpetual term commencing from the date of the Trademark Licensing Agreement, which is subject to the renewal of the licensed trademarks, on a royalty-free basis. See “Statutory and General Information—B. Information about Our Business—2. Intellectual property rights of our Group” in Appendix VI to this prospectus for details.

We believe that the entering into of the Trademark Licensing Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practice for agreement of this type to be of such duration.

Jinke Property is our Controlling Shareholder and therefore Jinke Property is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark Licensing Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licensed trademarks is granted to us on a royalty-free basis, the transactions under the Trademark Licensing Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.



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## CONNECTED TRANSACTIONS

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### **(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPTED FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

#### **1. Master Sales Agreement**

On October 29, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a master sales agreement with Jinke Property (for itself and on behalf of other members of Jinke Property Group and its associates) (the “**Master Sales Agreement**”), pursuant to which Jinke Property will purchase, or procure other members of Jinke Property Group and its associates to purchase, from our Group customized gifts and daily necessities, which will be used in the marketing promotional activities of Jinke Property Group and its associates, sales offices or as employee benefits of Jinke Property Group and its associates. The Master Sales Agreement has a term commencing from the Listing Date to December 31, 2022. Relevant members of both parties will enter into separate purchase agreements setting out the specific terms and conditions based on the principles provided in the Master Sales Agreement.

For each of the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the transaction amounts under the Master Sales Agreement amounted to approximately RMB0.6 million, RMB0.7 million, RMB5.5 million and RMB2.3 million, respectively. Jinke Property Group and its associates started to purchase customized gifts from us for their marketing promotional activities in 2019, which led to the significant increase in the transaction amount in 2019.

The prices of the products will be determined on arm's length basis with reference to the prevailing market price of the products and the wholesale price our Group offers to Independent Third Parties on the similar products.

Our Directors estimate that the maximum annual amount payable by Jinke Property Group and its associates under the Master Sales Agreement for each of the three years ending December 31, 2022 will not exceed RMB12.4 million, RMB14.1 million and RMB16.2 million, respectively. The fees to be paid by Jinke Property Group and its associates will be increased substantially in 2020 and will be further increased in 2021 and 2022, mainly attributable to (i) the promotional activities launched by Jinke Property Group in May 2020 to mitigate the effects of COVID-19 outbreaks; (ii) the expected increase in number of sales offices of Jinke Property Group and its associates, which is estimated to increase of at least 13.6% for each of the three years ending December 31, 2022, leading to the expected increase in demand of the customized gifts in the marketing promotional activities of Jinke Property Group and its associates; and (iii) more marketing and promotional activities to be conducted by Jinke Property Group and its associates in the third and fourth quarter for the sales of properties, which is in line with the historical trend.

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## CONNECTED TRANSACTIONS

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In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated increase in demand of Jinke Property Group and its associates for the products taking into account (i) as of December 31, 2019, the land bank of Jinke Property Group was approximately 67.0 million sq.m. and the total GFA under development was approximately 57.8 million sq.m. according to its 2019 annual report; and (ii) the expansion plan of Jinke Property Group and its associates in the next three years and the estimated increasing number of sale offices and employees; and
- the estimated increase in costs to be involved in selling the customized gifts and daily necessities to Jinke Property Group and its associate under the Master Sales Agreement taking into account the historical increase in costs during the Track Record Period.

Jinke Property is our Controlling Shareholder and therefore Jinke Property is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Sales Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Sales Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Sales Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **2. Master Purchase Agreement**

On October 29, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a master purchase agreement with Jinke Property (for itself and on behalf of other members of Jinke Property Group) (the “**Master Purchase Agreement**”), pursuant to which our Group will purchase from Jinke Property Group certain services and products, including but not limited to hotel and catering services for our guests in the course of our business operations and processed food for our employee benefits during the Chinese traditional festivals. The Master Purchase Agreement has a term commencing from the Listing Date to December 31, 2022. Relevant members of both parties will enter into separate purchase agreements setting out the specific terms and conditions based on the principles provided in the Master Purchase Agreement.

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## CONNECTED TRANSACTIONS

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For each of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the transaction amounts under the Master Purchase Agreement amounted to approximately RMB0.4 million, RMB0.04 million, RMB2.6 million and RMB1.2 million, respectively. The significant increase in the transaction amount in 2019 was primarily attributable to our commencement of purchasing processed food from Jinke Property Group for our employee benefits.

The prices of the services will be determined on arm's length basis with reference to the prevailing market price of the services and products Jinke Property Group offers to Independent Third Parties on similar services and products.

Our Directors estimate that the maximum annual amount payable by our Group under the Master Purchase Agreement for each of the three years ending December 31, 2022 will not exceed RMB3.8 million, RMB5.7 million and RMB8.6 million, respectively.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend during the Track Record Period;
- the transaction amounts for the eight months ended August 31, 2020 which is based on the management account of our Company;
- the estimated increase in demand of our Group for the hotel and catering services taking into account the business expansion of our Group in the next three years; and
- the estimated increase in demand of our Group for the processed food taking into account the estimated increase in number of employees for the three years ending December 31, 2022.

Jinke Property is our Controlling Shareholder and therefore Jinke Property is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Purchase Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Purchase Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Purchase Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### 3. Master Supply and Installation Agreement

On October 29, 2020, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master supply and installation agreement with Jinke Property (for itself and on behalf of other members of Jinke Property Group and its associates) (the “**Master Supply and Installation Agreement**”), pursuant to which our Group agreed to (i) supply (a) intelligent systems, including but not limited to access control and surveillance systems, parking lot intelligent management systems, smart home systems and intercom systems; (b) community unmanned retail system; and (c) multimedia display system (the “**Systems**”); and (ii) provide related installation and maintenance services (the “**System Supply and Installation Services**”). The Systems include software systems and equipment. The Master Supply and Installation Agreement has a term commencing from the Listing Date until December 31, 2022.

For each of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the total amount of fees payable by Jinke Property Group and its associates for the System Supply and Installation Services provided by our Group amounted to approximately RMB6.4 million, RMB9.1 million, RMB24.4 million and RMB24.4 million, respectively. After the establishment of Tianzhi Huiqi in October 2016, we commenced the business of smart living technology solutions in 2017 with limited capacity. The total amount of fees payable by Jinke Property Group and its associates for the System Supply and Installation Services was substantially increased in 2019, which was primarily attributable to (i) the rapid business expansion of our smart living technology solutions; and (ii) the increased demand of smart living technology solutions from Jinke Property Group and its associates.

The fees to be charged for the System Supply and Installation Services will be determined on arm’s length basis with reference to the prevailing market price (taking into account the location and the conditions of the properties, the costs for research and development, and the anticipated operational costs including labor costs and material costs) and the prices charged by our Group for similar services provided to the Independent Third Parties.

Our Directors estimate that the maximum annual fee payable by Jinke Property Group and its associates in relation to the System Supply and Installation Services for each of the three years ending December 31, 2022 will not exceed RMB44.0 million, RMB70.4 million and RMB105.6 million, respectively.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated revenue to be recognized based on the existing signed contracts;
- the estimated increase of price of the Systems taking into account the historical increase of price of the Systems during the Track Record Period and our investments in upgrading the Systems; and

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## CONNECTED TRANSACTIONS

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- the estimated increase in the System Supply and Installation Services taking into account (i) our Company's continuing investments in upgrading the Systems for digitization and smart management which will further enhance quality of the systems and improve end-users' satisfaction which we believe will increase the demand for the System Supply and Installation Services; (ii) the expected demand for the System Supply and Installation Services for the properties to be managed by us for the three years ending December 31, 2022 as, based on our Directors' information and understanding, more smart communities are expected to be developed by Jinke Property Group and its associates; and (iii) the estimated demand of the System Supply and Installation Services from the sales offices for the three years ending December 31, 2022 based on the land bank of Jinke Property Group and its associates as of December 31, 2019, which was approximately 67.0 million sq.m..

Jinke Property is our Controlling Shareholder and therefore Jinke Property is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Supply and Installation Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Supply and Installation Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Supply and Installation Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **(C) CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

#### **1. Master Property Management Services Agreement**

On October 29, 2020, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master property management services agreement (the "**Master Property Management Services Agreement**") with Jinke Property (for itself and on behalf of other members of Jinke Property Group and its associates), pursuant to which we agreed to provide to Jinke Property Group and its associates certain property management services, including but not limited to (i) property pre-delivery services, including but not limited to (a) preliminary planning and design consultancy services; (b) management services for the display units and on-site sales office; (c) house inspection; (d) pre-delivery clean services; and (e) pre-delivery preparation; (ii) after-sales repair and maintenance services; (iii) property management services for the properties owned or used by Jinke Property Group and its associates, including but not limited to the unsold residential property units, car parking lots, office buildings and

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## CONNECTED TRANSACTIONS

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commercial properties; and (iv) other related services (the “**Property Management Services**”). The Master Property Management Services Agreement has a term commencing from the Listing Date to December 31, 2022.

For each of the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the total amount of fees payable by Jinke Property Group and its associates for the Property Management Services provided by our Group amounted to approximately RMB258.8 million, RMB373.3 million, RMB568.0 million and RMB302.9 million, respectively, representing a CAGR of 48.3%.

The fees to be charged for the Property Management Services shall be determined on arm’s length basis with reference to (i) the size, location and positioning of the properties; (ii) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials), and (iii) the prices charged by us for providing comparable services to Independent Third Parties. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or lower than the standard fees to be charged from Independent Third Parties.

Our Directors estimate that the maximum annual fee payable by Jinke Property Group and its associates in relation to the Property Management Services for each of the three years ending December 31, 2022 will not exceed RMB738.5 million, RMB932.1 million and RMB1,172.7 million, respectively, representing a CAGR of 26.0%.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend during the Track Record Period and the estimated growth rate of approximately 27% per year in term of transaction amount;
- the transaction amounts for the eight months ended August 31, 2020 according to the management account of our Company;
- the estimated revenue to be recognized in relation to the Property Management Services provided by us based on the existing contracts. As of June 30, 2020, we had contracted to manage a total of 196 projects developed by Jinke Property Group and its associates with a total contracted GFA of approximately 42.5 million sq.m.;
- the estimated increment of the GFA for properties under development and contracted sales GFA of Jinke Property Group and its associates for the three years ending December 31, 2022;
- the estimated increase of staff cost to be incurred for the related services for the three years ending December 31, 2022;

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## CONNECTED TRANSACTIONS

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- in respect of the annual caps for the management services to be provided at the pre-delivery stage,
  - (i) the estimated GFA of the residential properties be sold by Jinke Property Group and its associates in the relevant periods based on the land bank of Jinke Property Group as of June 30, 2020, which was approximately 74.0 million sq.m., as well as their historical contracted sales GFA during the Track Record Period, which was approximately 8.4 million sq.m., 13.4 million sq.m. and 19.1 million sq.m., respectively, and representing a CAGR of 50.3%. For the three years ended December 31, 2019, the total GFA of completed projects of Jinke Property Group was approximately 5.5 million sq.m., 8.1 million sq.m. and 12.1 million sq.m., respectively, representing a CAGR of 48.7%. It is expected that the estimated GFA for properties under development of Jinke Property Group will be about 73.0 million sq.m. as of December 31, 2020, which is expected to be managed by our Group based on our bidding success rate during the Track Record Period;
  - (ii) the expected number of sales offices to be managed by our Group based on the properties under development held by Jinke Property Group and its associate as of June 30, 2020 and the estimated time of pre-sales and delivery of such properties based on public available information taking into account the increasing GFA under development, the land bank and the contracted sales GFA of Jinke Property Group and its associates during the Track Record Period. During the years ended December 31, 2017, 2018 and 2019, Jinke Property Group achieved contracted sales GFA of approximately 8.4 million sq.m., 13.4 million sq.m. and 19.1 million sq.m., respectively, which showed an increasing trend;
  - (iii) the percentage of properties delivered by Jinke Property Group for which the Property Management Services were engaged and our estimated capacity for the three years ending December 31, 2022;
  - (iv) the estimated increase in average contract price for management services to sales offices based on the historical growth trend during the Track Record Period, representing a CAGR of 9.7%; and
  - (v) the estimated service fee to be charged in respect of residential properties to be delivered by Jinke Property Group that will require our preliminary planning and design consultancy services, pre-delivery cleaning services and house inspection services, taking into account the service fees charged for the similar services and the average growth rate during the Track Record Period;



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## CONNECTED TRANSACTIONS

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- in respect of the annual caps for the after-sales repair and maintenance services to be provided, (i) the estimated GFA of residential properties expected to require such services as a result of the projected growth in the number of the property projects of Jinke Property Group and its associates for the three years ending December 31, 2022, which is based on the development plan of Jinke Property Group and its associates for the three years ending December 31, 2022 and its land bank as of June 30, 2020; and (ii) the estimated service fee per sq.m. at which the after-sales repair and maintenance services will be charged; and
- in respect of the annual caps for the management services to be provided for the properties owned or used by Jinke Property Group and its associates,
  - (i) regarding the unsold properties units and unsold car parking lots, (a) the estimated GFA of the unsold properties of properties held by Jinke Property Group and its associates in the next three years, which is based on the land bank of Jinke Property Group which was approximately 74.0 million sq.m. and the total GFA under development which was approximately 63.4 million sq.m. as of June 30, 2020, according to its 2020 interim report, (b) the total GFA of properties delivered by Jinke Property Group and its associates during the Track Record Period and expected to increase at least 25% for the two years ending December 31, 2022, (c) the historical average vacancy rate and (d) our estimated monthly service fee per sq.m. at which management services will be charged; and
  - (ii) regarding the commercial properties, (a) the estimated number of office buildings, shopping centers and industrial parks owned or occupied by Jinke Property Group and its associates in the next three years, which is based on the development plan of Jinke Property Group and its associates; and (b) the estimated average yearly service fee to be charged per office buildings and shopping services that require Property Management Services.

Jinke Property is our Controlling Shareholder and therefore Jinke Property is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Property Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Property Management Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### **(D) APPLICATION FOR WAIVER**

The transactions described in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders’ Approval Requirement” in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders’ approval requirements but subject to the reporting, annual review and announcement requirements of the Listing Rules.

The transactions described in “—(C) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting our Group from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders’ Approval Requirement” in this section; and the announcement and independent Shareholders’ approval requirements in respect of the continuing connected transactions as disclosed in “—(C) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). Apart from the above waivers sought on the strict compliance of the announcement and independent Shareholders’ approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

### **(E) DIRECTORS’ VIEWS**

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be carried out (i) in

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## CONNECTED TRANSACTIONS

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the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

### **(F) JOINT SPONSORS’ VIEW**

The Joint Sponsors are of the view (i) that the continuing connected transactions described in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transaction subject to the Reporting, Annual review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The detailed information of our Directors, Supervisors and senior management are listed below. None of the following Directors, Supervisors or senior management has any relationship with any other Directors, Supervisors or senior management.

### BOARD OF DIRECTORS

Our Board which is responsible for the management and conduct of our business consists of nine Directors including three executive Directors, three non-executive Directors and three independent non-executive Directors.

| Name                       | Age | Time of joining our Group | Position(s) in our Company                                                                     | Date of appointment as Director | Key responsibilities                                                                                                                                   | Relationship with other Director(s) | Relationship with Jinke Property Group |
|----------------------------|-----|---------------------------|------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------------|
| <b>Executive Directors</b> |     |                           |                                                                                                |                                 |                                                                                                                                                        |                                     |                                        |
| Mr. Xia Shaofei<br>(夏紹飛)   | 40  | August 2014               | Chairman of our Board, executive Director and president                                        | September 2, 2014               | Responsible for overall operation and management of our Group, strategic planning, community value-added services and technology services of our Group | N/A                                 | N/A                                    |
| Mr. Luo Chuansong<br>(羅傳嵩) | 45  | December 2002             | Executive Director and the executive general manager                                           | September 2, 2014               | Responsible for daily management and operation of our Group                                                                                            | N/A                                 | N/A                                    |
| Mr. Xu Guofu (徐國富)         | 36  | May 2020                  | Executive Director, deputy general manager, chief financial officer and secretary of our Board | May 25, 2020                    | Responsible for financial management, capital management and board matters of our Group                                                                | N/A                                 | N/A                                    |

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

| Name                                       | Age | Time of joining our Group | Position(s) in our Company         | Date of appointment as Director | Key responsibilities                                                               | Relationship with other Director(s) | Relationship with Jinke Property Group                                               |
|--------------------------------------------|-----|---------------------------|------------------------------------|---------------------------------|------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------|
| <b>Non-executive Directors</b>             |     |                           |                                    |                                 |                                                                                    |                                     |                                                                                      |
| Mr. Luo Licheng<br>(羅利成)                   | 55  | May 2020                  | Non-executive Director             | May 25, 2020                    | Responsible for the provision of guidance for the overall development of our Group | N/A                                 | Senior vice president in Jinke Property                                              |
| Mr. Liang Zhongtai<br>(梁忠太)                | 38  | May 2020                  | Non-executive Director             | May 25, 2020                    | Responsible for the provision of guidance for the overall development of our Group | N/A                                 | General manager of financial department and the chief risk officer in Jinke Property |
| Mr. Li Nan<br>(李楠)                         | 32  | May 2020                  | Non-executive Director             | May 25, 2020                    | Responsible for the provision of guidance for the overall development of our Group | N/A                                 | N/A                                                                                  |
| <b>Independent Non-executive Directors</b> |     |                           |                                    |                                 |                                                                                    |                                     |                                                                                      |
| Mr. Cao Guohua<br>(曹國華)                    | 53  | October 2020              | Independent non-executive Director | October 27, 2020                | Responsible for the provision of independent advice to our Board                   | N/A                                 | N/A                                                                                  |
| Ms. Yuan Lin<br>(袁林)                       | 55  | October 2020              | Independent non-executive Director | October 27, 2020                | Responsible for the provision of independent advice to our Board                   | N/A                                 | N/A                                                                                  |
| Mr. Chan Chi Fung Leo<br>(陳志峰)             | 41  | October 2020              | Independent non-executive Director | October 27, 2020                | Responsible for the provision of independent advice to our Board                   | N/A                                 | N/A                                                                                  |

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Executive Directors

**Mr. Xia Shaofei (夏紹飛)**, aged 40, was appointed as our Director in September 2014 and re-designated as our executive Director in May 2020. Mr. Xia is primarily responsible for overall operation and management of our Group, strategic planning, community value-added services and technology services of our Group. Mr. Xia joined our Group in August 2014 and has served as the chairman of our Board since then.

Prior to joining our Group, from April 2002 to January 2012, he successively served as the planning supervisor of the marketing management department, the marketing manager, the brand director, the marketing director and the senior marketing director at Jinke Property, where he was primarily responsible for coordination of marketing planning of the subsidiaries of Jinke Property. From January 2012 to August 2014, Mr. Xia served as deputy director and was subsequently promoted to director of brand and property department of Jinke Property, where he was primarily responsible for the overall operations of marketing management and property management.

Mr. Xia obtained his associate's degree in accounting computerization from Chongqing Radio and Television University (重慶廣播電視大學) in the PRC in October 2000. Mr. Xia obtained his bachelor's degree in marketing from Southwestern University of Finance and Economics (西南財經大學) in the PRC in July 2015.

**Mr. Luo Chuansong (羅傳嵩)**, aged 45, was appointed as our Director in September 2014 and re-designated as our executive Director and the executive general manager in May 2020. Mr. Luo is responsible for daily management and operation of our Group.

Mr. Luo joined our Group as the head of security department in December 2002, where he was primarily responsible for security maintenance. He was promoted as a project manager in September 2003, where he was primarily responsible for project operation and management. From March 2009 to August 2014, he served as the assistant of general manager and was then promoted to deputy general manager, where he was primarily responsible for customer service, security maintenance and property management projects. From August 2014 to May 2020, Mr. Luo served as the general manager of our Company, where he was primarily responsible for daily management and operation of our Company.

Mr. Luo obtained his bachelor's degree in marketing from Shenyang Machine Industry officers and Workers University (沈陽機械工業職工大學) in the PRC through distance learning in July 1999. He graduated from the curricula of property management MBA from Bozhong Real Estate Management Research Institute (博眾房地產管理研究院) in the PRC in July 2015.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Mr. Luo is the president of Chongqing Property Management Institute (重慶物業管理協會), and has been serving as the vice president and a council member of the working committee of laws and policies of China Property Management Institute (中國物業管理協會) since July 2019 for a term of five years. He has been serving as the deputy director of the intelligent property application promotion center of the National Digital Standardization Technical Committee for Intelligent Buildings and Residential Area (全國智能建築及居住區數字標準化技術委員會) since January 2019 for a term of three years. Mr. Luo was awarded as the Most Respected Property Management Professional (最美物業人) by Chongqing Municipal Commission of Housing and Urban-Rural Development (重慶市住房和城鄉建設委員會) in November 2019. Mr. Luo was awarded the 2017 Top 10 CEOs in the PRC Property Management Industry (2017中國十大物業CEO).

**Mr. Xu Guofu (徐國富)**, aged 36, was appointed as our executive Director in May 2020. Mr. Xu is primarily responsible for financial management, capital management and board matters of our Group. Mr. Xu joined our Group as deputy general manager, chief financial officer and secretary of our Board in May 2020.

Prior to joining our Group, from July 2007 to March 2010, Mr. Xu successively served as an audit assistant, an auditor and a project manager of Chongqing Branch of Tianjian Accounting Firm (Special general partnership) (天健會計師事務所(特殊普通合夥)重慶分所), where he was mainly responsible for annual auditing of financial statements, auditing of major assets restructuring and financial due diligence of PRC listed companies. From April 2010 to March 2014, he successively served as an auditor, an accounting director and a financial manager of Jinke Property and its subsidiaries, where he was mainly responsible for financial management. From March 2014 to June 2015, he served as a financial manager of Chongqing Rongchuangjiye Property Development Co., Ltd. (重慶融創基業房地產開發有限公司), a real estate company, where he was mainly responsible for financial management. From July 2015 to May 2020, he successively served as a manager, a deputy director, a senior deputy director, general manager of the security department and the secretary of the board of Jinke Property, where he was mainly responsible for the overall management of the basic securities affairs of the security department, investor relations, capital operation, and statutory duties of the secretary of the board, including information disclosure and preparation for the annual general meeting.

Mr. Xu obtained his bachelor's degree in financial management from Chongqing Technology and Business University (重慶工商大學) in the PRC in July 2007. Mr. Xu obtained the Intermediate Qualification Level in Accounting (會計中級資格) and the Senior Qualification Level in Accounting (會計高級資格) issued by Chongqing Professional Title Reform Office (重慶市職稱改革辦公室) in December 2011 and February 2018, respectively.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Non-executive Directors

**Mr. Luo Licheng** (羅利成), aged 55, was appointed as our non-executive Director in May 2020. Mr. Luo is primarily responsible for provision of guidance for the overall development of our Group.

Mr. Luo has more than 19 years of experience in engineering, construction and real estate industry. The following table shows the relevant experience of Mr. Luo:

| <u>Period of time</u>           | <u>Name of entity</u>                                    | <u>Position(s)</u>                                                                                                                       | <u>Principle business activities</u> | <u>Responsibilities</u>                                               |
|---------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------|
| October 2000 to August 2011     | Chongqing Jinke Industrial Co., Ltd. (重慶市金科實業(集團)有限公司)   | General manager of design center and deputy general manager of the group                                                                 | Property development                 | Management and operation of daily affairs                             |
| September 2011 to December 2011 | Jinke Property                                           | Vice chairman of the board of directors, chief executive officer                                                                         | Property development                 | Management and operation of daily affairs                             |
| January 2012 to February 2014   | Jiangsu branch offices of Jinke Property                 | Chairman of the board of directors and general manager                                                                                   | Property development                 | Management and operation of daily affairs                             |
| March 2014 to October 2015      | Jinke Property                                           | Chief executive officer                                                                                                                  | Property development                 | Overall management and operation                                      |
| November 2015 to June 2017      | Midwest branch offices of Jinke Property                 | Chairman of the board of directors and general manager                                                                                   | Property development                 | Overall management and operation                                      |
| July 2017 to January 2020       | Jinke Property and West branch offices of Jinke Property | Senior Vice President of Jinke Property, chairman of the board of directors and general manager of west branch offices of Jinke Property | Property development                 | Overall management and operation                                      |
| Since January 2020              | Jinke Property                                           | Senior vice president                                                                                                                    | Property development                 | Overall management and operation of industrial and diversified sector |

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Mr. Luo obtained his bachelor's degree in industrial and civil construction from Chongqing Civil Engineering Institute (重慶建築工程學院) in the PRC in July 1987. Mr. Luo obtained the senior engineer qualification certificate (高級工程師) conferred by Chongqing Municipal Government (重慶市政府) in June 2005. He obtained the supervision engineer qualification certificate (監理工程師) approved and authorized by Ministry of Construction of the PRC (中華人民共和國建設部) in September 2003. He obtained the cost engineer qualification certificate (造價工程師) approved and authorized by Ministry of Construction of the PRC (中華人民共和國建設部) in October 2001.

**Mr. Liang Zhongtai (梁忠太)**, aged 38, was appointed as our non-executive Director in May 2020. Mr. Liang is primarily responsible for provision of guidance for the overall development of our Group.

From July 2003 to June 2009, Mr. Liang served as the project manager of the audit department and the assistant manager of the technical department of Chongqing Branch of Tianjian Accounting Firm (Special general partnership) (天健會計師事務所(特殊普通合夥)重慶分所), where he was mainly responsible for financial management. Since July 2009, Mr. Liang has been working at Jinke Property and its certain subsidiaries and branch offices, including several subsidiaries in Chongqing from July 2009 to March 2010 and from April 2014 to April 2015, where he served as deputy manager of financial department and director of financial treasury department, respectively; a subsidiary in Jiangsu from April 2010 to March 2014, where he served as a director of financial department; Chongqing branch office from May 2015 to May 2018, where he served as general manager of financial management department; Jinke Property since June 2018, where he served as a deputy general manager of financial department from June 2018 to February 2019, and was then promoted as a general manager of financial department and the chief risk officer in February 2019. During his time working at Jinke Property, Mr. Liang was mainly responsible for financial management.

Mr. Liang obtained his bachelor's degree in accounting in Chongqing Institute of Technology (重慶工學院) in the PRC in July 2003. Mr. Liang obtained the Intermediate Qualification Level in Accounting (會計中級資格) issued by Ministry of Finance of the PRC (中華人民共和國財政部) in May 2005 and the Senior Qualification Level in Accounting (會計高級資格) issued by Chongqing Professional Title Reform Office (重慶市職稱改革辦公室) in December 2019. He obtained the Registered Tax Agent (註冊稅務師) issued by Chongqing Professional Title Reform Office (重慶市職稱改革辦公室) in June 2005.

**Mr. Li Nan (李楠)**, aged 32, was appointed as our non-executive Director in May 2020. Mr. Li is primarily responsible for provision of guidance for the overall development of our Group.

From October 2012 to March 2016, Mr. Li served as an analyst of CDH Investments (鼎暉投資), a private equity company, where he was mainly responsible for the investment and management of the private equity projects. Since March 2016, he has served as the investment director of Riverhead Capital, a private equity company, where he is mainly responsible for the investment and management of the private equity projects and equity funds raising. Mr. Li has

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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also served as a director of several PRC technology companies since August 2016, including Jiaying Jiasai Information Technology Co., Ltd. (嘉興嘉賽信息技術有限公司), a leading mobile software security service provider; Beijing Youliang Living Science Co., Ltd. (北京優糧生活科技有限公司), a company primarily engaged in new pattern take-away service industry; Hangzhou Feizhu Technology Co., Ltd. (杭州菲助科技有限公司), a mobile internet company primarily engaged in online English education; and Shanghai Bijia Information Technology Co., Ltd. (上海畢甲信息科技有限公司), a company primarily engaged in researching and developing high-density server, where he is responsible for operation and management of such companies. Since October 2016, he has been the director of GrubMarket, Inc., an American e-commerce company primarily engaged in distribution of organic fresh food, where he is responsible for operation and management of the company.

Mr. Li obtained his bachelor's degree in electronic and information engineering from Zhejiang University (浙江大學) in the PRC in June 2010. He obtained his master's degree in science from Columbia University in the USA in February 2012.

### Independent Non-executive Directors

**Mr. Cao Guohua (曹國華)**, aged 53, was appointed as our independent non-executive Director in October 2020. Mr. Cao is primarily responsible for the provision of independent advice to our Board.

Mr. Cao has more than eight years of experience in real estate industry. Mr. Cao has been working in the College of Business Administration in Chongqing University (重慶大學) since July 1992, where he successively served as an assistant from July 1992 to September 1995, a lecturer from September 1995 to September 2000, an associate professor from September 2000 to September 2006, and a professor since September 2006.

The following table shows the relevant experience of Mr. Cao as a non-executive director in several listed companies:

| <u>Period of time</u>   | <u>Name of entity</u>                                 | <u>Position</u>      | <u>Principle business activities</u>                                             |
|-------------------------|-------------------------------------------------------|----------------------|----------------------------------------------------------------------------------|
| April 2012 to June 2018 | Dongfeng Technology Group Co., Ltd.<br>(東豐科技集團股份有限公司) | Independent director | A real estate company listed on the Shenzhen Stock Exchange (stock code: 200160) |

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

| <u>Period of time</u>          | <u>Name of entity</u>                                  | <u>Position</u>                    | <u>Principle business activities</u>                                                                          |
|--------------------------------|--------------------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------|
| August 2012 to April 2020      | Chongqing Yukafa Co., Ltd. (重慶渝開發股份有限公司)               | Independent director               | A real estate company listed on the Shenzhen Stock Exchange (stock code: 000514)                              |
| January 2015 to September 2017 | Chongqing Jianfeng Chemical Co., Ltd. (重慶建峰化工股份有限公司)   | Independent director               | A chemical company listed on the Shenzhen Stock Exchange (stock code: 000950)                                 |
| May 2015 to May 2017           | Jinke Property                                         | Independent director               | A real estate company listed on the Shenzhen Stock Exchange (stock code: 000656)                              |
| November 2014 to now           | Chongqing Rural Commercial Bank (重慶農村商業銀行)             | Independent non-executive director | A bank listed on the Stock Exchange (stock code HK03618) and the Shanghai Stock Exchange (stock code: 601077) |
| September 2020 to now          | Porton Pharma Solutions Ltd. (重慶博騰製藥科技股份有限公司)          | Independent director               | A pharmaceutical technology company listed on the Shenzhen Stock Exchange (stock code: 300363)                |
| October 2020 to now            | Pingdingshan Oriental Carbon Co., Ltd. (平頂山東方碳素股份有限公司) | Independent director               | A non-ferrous industrial company listed on the National Equities Exchange and Quotations (stock code: 832175) |

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Since August 2015, Mr. Cao has been a non-executive director of Chongqing Electro-Mechanical Holding Group Xinbo Investment Co., Ltd. (重慶機電控股集團信博投資管理有限公司), an investment management company. Since June 2014, Mr. Cao has been an external director of Chongqing Tourism Investment Group Co., Ltd. (重慶旅遊投資集團有限公司), a company primarily engaged in tourism business and tourism investment development, where he is mainly responsible for the provision of independent advice to the board.

Mr. Cao obtained his bachelor's degree in mathematics from Anhui Normal University (安徽師範大學) in the PRC in July 1989. He obtained his master's degree in mathematics from Sichuan University (四川大學) in the PRC in June 1992. He obtained his doctor's degree in economics and business management from Chongqing University (重慶大學) in the PRC in December 1999. Mr. Cao obtained the independent non-executive director qualification certificate from the Shanghai Stock Exchange in November 2019.

**Ms. Yuan Lin (袁林)**, aged 55, was appointed as our independent non-executive Director in October 2020. Ms. Yuan is primarily responsible for the provision of independent advice to our Board.

From June 1988 to July 1993, Ms. Yuan served as an assistant and a teacher at Sichuan Provincial Political and Judicial Management Cadre College (四川政法管理幹部學院), where she was mainly responsible for teaching criminal law curriculum. From July 1993 to November 2005, she served as a lecturer at Sichuan Radio and TV University (四川廣播電視大學) and served as the deputy director of the teaching department from January 2005 to November 2005, where she was mainly responsible for teaching law curriculum and teaching management. Ms. Yuan has served as the professor and tutor of postgraduates and doctoral students of Southwest University of Political Science and Law (西南政法大學) since December 2005 and she has also served as the director of the Research Center of Protection of the Rights of Special Community and Crime Prevention (特殊群體權利保護與犯罪預防研究中心) since December 2012, where she was mainly responsible for teaching and research of criminal law and criminology, supervising postgraduates and doctoral students.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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In addition to the working experience above, the table below shows the working experience of Ms. Yuan being a director of various companies:

| <u>Period of time</u>               | <u>Name of entity</u>                                        | <u>Position(s)</u>   | <u>Principle business activities</u>     | <u>Roles and responsibilities</u>            |
|-------------------------------------|--------------------------------------------------------------|----------------------|------------------------------------------|----------------------------------------------|
| From December 2013 to December 2016 | Chongqing Yunhe Hydropower Inc (重慶雲河水電股份有限公司)                | Independent director | Manufacturing of hydroelectric equipment | Provision of independent advice to the board |
| Since July 2014                     | Chongqing Iron and Steel (Group) Co., Ltd. (重慶鋼鐵(集團)有限責任公司)  | External director    | Steel production                         | Provision of independent advice to the board |
| Since February 2015                 | Chongqing Construction Investment Co., Ltd. (重慶建工投資控股有限責任公司) | External director    | Construction engineering                 | Provision of independent advice to the board |
| Since May 2019                      | Evergrande Life Assurance Co., Ltd. (恒大人壽保險有限公司)             | Independent director | Life insurance                           | Provision of independent advice to the board |

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table shows the relevant experience of Ms. Yuan as an independent director in several listed companies:

| <u>Period of time</u> | <u>Name of entity</u>                                           | <u>Position</u>      | <u>Principle business activities</u>                                                                                                   |
|-----------------------|-----------------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| August 2016 to now    | Chongqing Yukaifa Co., Ltd. (重慶渝開發股份有限公司)                       | Independent director | A real estate company listed on the Shenzhen Stock Exchange (stock code: 000514)                                                       |
| May 2014 to May 2020  | Chongqing Zhifei Biological Products Co., Ltd. (重慶智飛生物製品股份有限公司) | Independent director | A company engaged in the research and production of biological products and listed on the Shenzhen Stock Exchange (stock code: 300122) |
| October 2017 to now   | Chongqing Landai Powertrain Corp., Ltd. (重慶藍黛動力傳動機械股份有限公司)      | Independent director | A company engaged in automotive components manufacturing and listed on the Shenzhen Stock Exchange (stock code: 002765)                |

Ms. Yuan obtained her bachelor's degree in law from Nankai University (南開大學) in the PRC in July 1986. She obtained her master's degree in criminal law and her doctor's degree in criminal law from Southwest University of Political Science and Law (西南政法大學) in the PRC in March 1991 and June 2010, respectively. Ms. Yuan obtained the certificate of completion of senior management of PRC listed companies in March 2013 and the certificate of completion of the follow-up training of independent non-executive director of PRC listed companies in August 2017 from the Shenzhen Stock Exchange. Ms. Yuan has been serving as the vice chairman of the Chinese Society of Criminology (中國犯罪學學會) since August 2012, an expert member of the Judges Selection Committee of Chongqing (重慶市法官遴選委員會) since September 2015, a member of the Fifth Chongqing People's Congress (第五屆重慶市人民代表大會) since January 2018, and a member of the Commission of Supervisory and Judicial Affairs of Chongqing People's Congress Standing Committee (重慶市人大常委會監察和司法委員會) since January 2019.



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Mr. Chan Chi Fung Leo (陳志峰)**, aged 41, was appointed as our independent non-executive Director in October 2020. Mr. Chan is primarily responsible for the provision of independent advice to our Board.

Mr. Chan has over 18 years of experience in finance and accounting industry. From September 2001 to March 2004, he was a staff accountant at Ernst & Young, where he was mainly responsible for auditing. From January 2005 to June 2006, he was an executive at Kingsway Group Services Limited, where he was mainly responsible for IPO and merger and acquisition projects. From June 2006 to July 2007, he was an associate at corporate finance department of CCB International Capital Limited. From August 2007 to December 2011, he worked at BNP Paribas (Asia Pacific) Limited and his last position was an associate at corporate finance department, where he was mainly responsible for IPO and merger and acquisition projects. From December 2011 to April 2015, he served with CITIC Securities International Company Limited, and his last position was a director at corporate finance department, where he was mainly responsible for IPO and merger and acquisition projects. From May 2015 to April 2016, Mr. Chan was a deputy managing director of VBG Capital Limited, where he was mainly responsible for IPO and merger and acquisition projects. From May 2016 to October 2017, Mr. Chan was the managing director of LY Capital Limited, where he was mainly responsible for IPO and merger and acquisition projects. Since October 2017, Mr. Chan is the managing director of Red Solar Capital Limited, where he is mainly responsible for IPO and merger and acquisition projects.

Since August 2017, Mr. Chan has been an independent non-executive director of Sisram Medical Ltd, a listed company on the Stock Exchange (stock code: 1696). Since June 2018, Mr. Chan has also been an independent non-executive director of Ziyuanyuan Holdings Group Limited, a listed company on the Stock Exchange (stock code: 8223).

Mr. Chan obtained his bachelor's degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan has been a member of Hong Kong Institute of Certified Public Accountants since October 2005.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed above, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### SUPERVISORS

In accordance with the Company Law of the PRC, all joint stock companies are required to establish a supervisory committee, responsible for supervising the board of directors and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. The Supervisory Committee consists of three members comprising one employee representative Supervisor, and two Supervisors representing Jinke Property.

The detailed information of our Supervisors are listed below.

| <u>Name</u>              | <u>Age</u> | <u>Time of joining our Group</u> | <u>Existing position in our Company</u>                                           | <u>Date of appointment as Supervisors</u> | <u>Responsibilities</u>                                                                                                         |
|--------------------------|------------|----------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Mr. Yu Yong<br>(余勇)      | 48         | May 2017                         | President of the Supervisory Committee and Supervisor representing Jinke Property | May 25, 2020                              | Responsible for presiding the work of the Supervisory Committee, supervising the Board and the senior management of our Company |
| Mr. Han Chong<br>(韩翀)    | 47         | May 2020                         | Supervisor representing Jinke Property                                            | May 25, 2020                              | Responsible for supervising the Board and the senior management of our Company                                                  |
| Ms. Ren Wenjuan<br>(任文娟) | 36         | September 2012                   | Employee representative Supervisor                                                | May 25, 2020                              | Responsible for supervising the Board and the senior management of our Company                                                  |

**Mr. Yu Yong (余勇)**, aged 48, was appointed as our Supervisor and the president of the Supervisory Committee on May 25, 2020. Mr. Yu is primarily responsible for presiding the work of the Supervisory Committee, supervising the Board and the senior management of our Company. Mr. Yu joined Jinke Property in June 2017 as the member of the party committee, mainly responsible for party affairs. Mr. Yu was appointed as the party committee secretary of our Company in June 2017, mainly responsible for party affairs.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Prior to joining Jinke Property and our Company, Mr. Yu successively served as a teacher in Chongqing Bishan District Zhongxing Primary School (重慶市璧山區中興小學) from July 1990 to August 1999 and Chongqing Bishan Qinggang Junior Middle School (重慶市璧山縣青槓初級中學校) (now known as Chongqing Bishan District Junior Middle School (重慶市璧山區青槓初級中學校)) from September 1999 to June 2002. From July 2002 to October 2006, he served as the chief of the political bureau of the United Front Work Department of the Communist Party of China Chongqing Bishan District Committee (中共重慶市璧山區委統戰部) and was primarily responsible for the united front work of non-public economy and non-Party cadres. From November 2006 to March 2010, he served as the secretary general of the Federation of Industry and Commerce of Chongqing Bishan District (重慶市璧山區工商業聯合會), primarily responsible for the daily affairs, and from April 2010 to March 2017, he successively served as an assistant to the minister of the member department, the deputy director of the research office, and the deputy minister of the economic affairs department of the Chongqing Federation of Industry and Commerce (重慶市工商業聯合會), where he was primarily responsible for research on private economy, development of the private enterprises and the small and medium-sized enterprises.

Mr. Yu obtained his bachelor's degree in Chinese language and literature from Chongqing College of Education (重慶教育學院) in the PRC by way of correspondence education in June 2004. He obtained his master's degree in administrative management from Party School of Chongqing Party Committee (中共重慶市委黨校) in the PRC in June 2010.

**Mr. Han Chong (韓翀)**, aged 47, was appointed as our Supervisor on May 25, 2020. Mr. Han is primarily responsible for supervising the Board and the senior management of our Company.

From November 1999 to July 2004, he served as an auditor of Chongqing Zhongding Accounting Firm (重慶中鼎會計師事務所), where he was mainly responsible for auditing and consultation. From July 2004 to October 2006, he served as an auditor of Chongqing Puhua Accounting Firm (重慶普華會計師事務所), where he was mainly responsible for auditing and consultation. Since October 2006, he has been serving as the person-in-charge of the auditor department of Jinke Property, where he was mainly responsible for internal auditing.

Mr. Han obtained his associate's degree in accounting from Chongqing College of Commerce (重慶商學院) in the PRC in July 1994. He obtained the Certified Public Accountant certificate in November 2002 issued by Chongqing Institute of Certified Public Accountants.

**Ms. Ren Wenjuan (任文娟)**, aged 36, was appointed as our Supervisor on May 25, 2020. Ms. Ren is primarily responsible for supervising the Board and the senior management of our Company. Ms. Ren joined our Group as the human resources and administrative assistant in September 2012 and was promoted to the administrative director in March 2019, mainly responsible for administrative management of our Company.

Prior to joining our Group, from July 2007 to June 2010, Ms. Ren served as an administrative director of Chongqing Branch of Jiatong Tire (China) Investment Co., Ltd. (佳通輪胎(中國)投資有限公司), an investment company, where she was mainly responsible for administrative management.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Ms. Ren obtained her bachelor's degree in accounting from Chengdu University of Information Technology (成都信息工程學院) in the PRC in July 2007.

Save as disclosed above, each of our Supervisors has confirmed that there are no other matters relating to his/her appointment as a Supervisor that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

### SENIOR MANAGEMENT

Our executive Directors are responsible for the day-to-day operations and management of the business of our Group. For the biographical details of Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu, please refer to “—Board of Directors—Executive Directors” in this section.

### JOINT COMPANY SECRETARY

**Mr. Xu Guofu** (徐國富), aged 36, was appointed as our joint company secretary on June 20, 2020. For details of Mr. Xu, please refer to “—Board of Directors—Executive Directors” in this section.

**Mr. Lau Kwok Yin** (劉國賢), aged 34, was appointed as our joint company secretary on June 20, 2020.

Mr. Lau is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited. He has over 10 years of experience in corporate secretarial services, finance and banking operations. He holds a bachelor of business administration degree in accounting and finance from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst charter holder.

### BOARD COMMITTEES

Our Board has established the audit committee, the remuneration committee and the nomination committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

#### Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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The audit committee consists of three members, namely Mr. Chan Chi Fung Leo (陳志峰), Mr. Liang Zhongtai (梁忠太) and Mr. Cao Guohua (曹國華). The chairman of the audit committee is Mr. Chan Chi Fung Leo, who is an independent non-executive Director of our Company and has been a member of Hong Kong Institute of Certified Public Accountants since October 2005.

### Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration and appraisal committee are to (i) establish, review and provide advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determine the terms of the specific remuneration package of each executive Director and senior management; and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time.

The remuneration committee consists of three members, namely Ms. Yuan Lin (袁林), Mr. Luo Licheng (羅利成) and Mr. Cao Guohua (曹國華). The chairlady of the remuneration committee is Ms. Yuan Lin.

### Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of three members, namely Mr. Xia Shaofei (夏紹飛), Ms. Yuan Lin (袁林) and Mr. Cao Guohua (曹國華). The chairman of the nomination committee is Mr. Xia Shaofei.

**BOARD DIVERSITY POLICY**

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diversified Board and sees increasing diversity at Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, ethnicity, experience, independence and knowledge.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, human resources, information technology, accounting and financial management, and corporate governance. They obtained degrees in various majors including accounting, marketing, financial management, science, business administration, electronic and information engineering, industrial engineering and operations, mathematics and law. 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 years to 55 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.

We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. Our Company will also take into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

After Listing, the nomination committee of our Board will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules after Listing.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### COMMUNIST PARTY COMMITTEE

Our Company has established a committee of Communist Party of China (the“**Committee**”). The role and scope of authority for the Committee include the following:

- (i) to ensure and supervise our Company’s implementation of routes, principles and policies, laws and regulations promulgated by the Communist Party of China and the State Council and to give full play to the role as fighting bastion of the Communist Party of China and the exemplary and vanguard role of party members;
- (ii) to formulate the work plan of the Committee, and support the trade union of our Company and the Communist Youth League of China to carry out their work independently;
- (iii) to administer party members strictly, to supervise party members to perform their duties and to protect the rights and interests of party members from infringement;
- (iv) to supervise party members and strictly enforce the discipline of the Communist Party of China, to work on rectifying the working style of the Communist Party and building an honest and clean government and to lead the improvement of the working style within the Communist Party and to maintain the unity of the Communist Party;
- (v) to educate and manage party members within our Group, ensure the well development of party members and further recruit new party members within our Group; and
- (vi) to participate in discussions on matters relating to the development, reform and stability of our Company and provide constructive advice.

### COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors and Supervisors receive compensation from our Company in the form of salaries, housing allowance and contributions to a retirement benefit scheme.



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## **DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

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The remuneration (including fees, salaries, housing allowance and contributions to a retirement benefit scheme and other allowance and benefits in kind) paid to our Directors and Supervisors in aggregate for the three years ended December 31, 2019 and the six months ended June 30, 2020 were approximately RMB4.3 million, RMB4.5 million, RMB5.8 million and RMB6.0 million, respectively.

The remuneration (including wages, salaries and bonuses, pension costs, housing funds, medical insurance and other social insurances) paid to our Group's five highest paid individuals included two, three, three and three Directors and Supervisors for the three years ended December 31, 2019 and the six months ended June 30, 2020, respectively. The remuneration payable to the remaining three, two, two and two individuals during the Track Record Period were approximately RMB3.8 million, RMB2.9 million, RMB3.0 million and RMB1.2 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company as a compensation for loss of office in respect of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020.

None of our Directors and Supervisors had waived or agreed to waive any remuneration during the Track Record Period. Under the current arrangements, our Directors and Supervisors are entitled to receive compensation (including fees, salaries, housing allowance and contributions to a retirement benefit scheme) from our Company for the year ending December 31, 2020 under arrangement in force as of the date of this prospectus which is approximately RMB16.83 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management and will, following the Listing, receive recommendation from our remuneration and appraisal committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and Supervisors and performance of our Group.

Save as disclosed above, no other payments had been made, or are payable, by any member of our Group to our Directors and Supervisors during the Track Record Period. For additional information on our Directors and Supervisors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 9 and 36 in the Accountant's Report set out in Appendix I to this prospectus.

**COMPLIANCE ADVISOR**

Our Company has appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

- (a) the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;
- (b) our Company may terminate the appointment of the compliance advisor by giving a no less than 30 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and
- (c) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:
  - i. before the publication of any regulatory announcement, circular or financial report;
  - ii. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
  - iii. where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and
  - iv. where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

**CORPORATE GOVERNANCE CODE**

The roles of the chairman and the chief executive officer of our Company have not been separated as required by Code Provision A.2.1 of the Corporate Governance Code. The roles of the chairman and president of the Company are both performed by Mr. Xia Shaofei, an executive Director. Our Board believes that vesting the roles of both chairman and president in the same individual enables our Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Xia Shaofei's extensive industrial experience and significant role in the historical development of our Group, our Board believes that it is beneficial to the business prospects of our Group that Mr. Xia Shaofei continues to act as the chairman and president of our Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive directors and independent non-executive Directors.

We aim to achieve high standards of corporate governance which are crucial to our development and would safeguard the interests of our Shareholders. To accomplish this, save as the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed above, we expect to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules and the associated Listing Rules after the Listing.

## SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, as of the Latest Practicable Date and immediately prior to and following the completion of the Global Offering (taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the following persons have interests or short positions in our Shares or underlying Shares which fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

| Name of Shareholder                                                                                                                 | Nature of interest                   | Class of Shares | Shares held as of the Latest Practicable Date and immediately prior to the Global Offering <sup>(1)</sup> |                         | Shares held in the total share capital of the Company immediately following the completion of the Global Offering <sup>(1)</sup> |                         |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                                                                     |                                      |                 | Number                                                                                                    | Percentage<br>(approx.) | Number                                                                                                                           | Percentage<br>(approx.) |
| Jinke Property                                                                                                                      | Beneficial owner                     | Domestic Shares | 341,604,375                                                                                               | 68.32                   | 341,604,375                                                                                                                      | 53.97%                  |
| Hengye Meihao                                                                                                                       | Beneficial owner                     | Domestic Shares | 50,516,464                                                                                                | 10.10                   | 50,516,464                                                                                                                       | 7.98%                   |
| Chongqing Jinhetong <sup>(2)</sup>                                                                                                  | Interest in a controlled corporation | Domestic Shares | 50,516,464                                                                                                | 10.10                   | 50,516,464                                                                                                                       | 7.98%                   |
| Ms. Zhang Yuan<br>(張原) <sup>(2)</sup>                                                                                               | Interest in a controlled corporation | Domestic Shares | 50,516,464                                                                                                | 10.10                   | 50,516,464                                                                                                                       | 7.98%                   |
| Riverhead Capital <sup>(3)</sup>                                                                                                    | Interest in controlled corporations  | Domestic Shares | 40,321,955                                                                                                | 8.07                    | 40,321,955                                                                                                                       | 6.38%                   |
| Beijing Huiyuda Equity Investment Management Center (Limited Partnership)* (北京惠譽達股權投資管理中心(有限合夥)) (“Beijing Huiyuda”) <sup>(3)</sup> | Interest in controlled corporations  | Domestic Shares | 40,321,955                                                                                                | 8.07                    | 40,321,955                                                                                                                       | 6.38%                   |

## SUBSTANTIAL SHAREHOLDERS

| Name of Shareholder                                                                                | Nature of interest                  | Class of Shares | Shares held as of the Latest Practicable Date and immediately prior to the Global Offering <sup>(1)</sup> |                         | Shares held in the total share capital of the Company immediately following the completion of the Global Offering <sup>(1)</sup> |                         |
|----------------------------------------------------------------------------------------------------|-------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                                    |                                     |                 | Number                                                                                                    | Percentage<br>(approx.) | Number                                                                                                                           | Percentage<br>(approx.) |
| Tibet Longbo Enterprise Management Co., Ltd. (西藏隆博企業管理有限公司)<br>("Tibet Longbo") <sup>(3)</sup>     | Interest in controlled corporations | Domestic Shares | 40,321,955                                                                                                | 8.07                    | 40,321,955                                                                                                                       | 6.38%                   |
| Ms. Zhang Wenwen (張文雯) <sup>(3)</sup>                                                              | Interest in controlled corporations | Domestic Shares | 40,321,955                                                                                                | 8.07                    | 40,321,955                                                                                                                       | 6.38%                   |
| Sunshine Asset Management Co., Ltd. (陽光資產管理股份有限公司)<br>("Sunshine Asset Management") <sup>(3)</sup> | Interest in controlled corporations | Domestic Shares | 40,321,955                                                                                                | 8.07                    | 40,321,955                                                                                                                       | 6.38%                   |

*Notes:*

- (1) The letter "L" denotes the person's long position in our Shares.
- (2) The general partner of Hengye Meihao is Chongqing Jinhetong, which is wholly owned by Ms. Zhang Yuan. By virtue of the SFO, Chongqing Jinhetong and Ms. Zhang Yuan is deemed to be interested in the Shares held by Hengye Meihao.
- (3) Our Company is owned as to 2.72% by Ronghui Ruiguang, 2.22% by Yangguang Yongsheng and 1.44% by Yangguang Xinxing immediately following the completion of the Global Offering, respectively. The general partner of Ronghui Ruiguang and Yangguang Yongsheng is Sunshine Ruihai, which is owned as to 40% by Riverhead Capital. The general partner of Yangguang Xinxing is Riverhead Capital. Riverhead Capital is held as to 45%, 35%, 15% and 5% by Beijing Huiyuda, Sunshine Asset Management, Tibet Shengbo Enterprise Management Co., Ltd.\* (西藏晟博企業管理有限公司) ("Tibet Shengbo") and Beijing Huixu Jinding Investment Management Co., Ltd.\* (北京惠旭金鼎投資管理有限公司), respectively. The general partner of Beijing Huiyuda is Tibet Longbo which is held as to 99.9% by Ms. Zhang Wenwen. Tibet Shengbo is held as to 50% by Ms. Zhang Wenwen and 50% by Ms. Fu Ting (付婷), an Independent Third Party. By virtue of the SFO, each of Riverhead Capital, Beijing Huiyuda, Tibet Longbo, Ms. Zhang Wenwen and Sunshine Asset Management is deemed to be interested in the Shares held by Ronghui Ruiguang, Yangguang Yongsheng and Yangguang Xinxing.

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## **SUBSTANTIAL SHAREHOLDERS**

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Except as disclosed above, our Directors are not aware of any person will, immediately prior to and following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

## SHARE CAPITAL

As of the Latest Practicable Date, the share capital of our Company was RMB500,000,000, divided into 500,000,000 Shares, with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the completion of the Global Offering will be as follows:

| Number of<br>Shares | Description of Shares                           | Approximate<br>percentage of<br>total share<br>capital |
|---------------------|-------------------------------------------------|--------------------------------------------------------|
| 500,000,000         | Domestic Shares                                 | 79.0%                                                  |
| 132,911,400         | H Shares to be issued under the Global Offering | 21.0%                                                  |
| <u>632,911,400</u>  |                                                 | <u>100%</u>                                            |

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the completion of the Global Offering will be as follows:

| Number of<br>Shares | Description of Shares                           | Approximate<br>percentage of<br>total share<br>capital |
|---------------------|-------------------------------------------------|--------------------------------------------------------|
| 500,000,000         | Domestic Shares                                 | 76.6%                                                  |
| 152,848,100         | H Shares to be issued under the Global Offering | 23.4%                                                  |
| <u>652,848,100</u>  |                                                 | <u>100%</u>                                            |

## SHARE CLASSES

Upon the completion of Global Offering, the Shares of our Company will be divided into two categories: Domestic Shares and H Shares. The two classes of Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on



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## SHARE CAPITAL

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the other hand, can be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors. We must pay all dividends in respect of H Shares in Hong Kong dollars, all dividends in respect of Domestic Shares in RMB.

Except as described above and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, methods of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix V to this prospectus, our Domestic Shares and H Shares will rank equally with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus (save for the dividends payment in RMB for Domestic Shares, in foreign currency except for RMB for Domestic Shares and in Hong Kong dollars for H Shares). However, the transfer of Domestic Shares is subject to such restrictions as PRC laws may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plan other than the Global Offering.

### CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

We have two classes of ordinary shares, Domestic Shares and H Shares. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares, and such converted shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong. According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (CSRC [2019] No. 22) (《H股公司境內未上市股份申請“全流通”業務指引》(中國證券監督管理委員會公告[2019]22號)), the unlisted shares of H-share companies (including (i) unlisted domestic shares held by domestic shareholders before overseas listing; (ii) unlisted domestic shares

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## SHARE CAPITAL

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issued overseas after overseas listing; and (iii) unlisted shares held by foreign shareholders) are allowed to be listed and traded on the Stock Exchange, and it stipulates the application procedures for the full circulation of unlisted shares of H-share company in China.

No Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed transfer.

In view of the above, our PRC Legal Advisors, Guantao Law Firm, has advised us that the Articles of Association of our Company does not contradict any PRC laws and regulations in the conversion of Domestic Shares.

### TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

Please refer to “Underwriting—Underwriting Arrangements and Expenses—Undertakings to the Stock Exchange pursuant to the Listing Rules—(B) Undertaking by the Controlling Shareholder” for details of the lock-up undertaking given by our Controlling Shareholder to the Stock Exchange. Please refer to “Underwriting—Underwriting Arrangements and Expenses—Undertakings to the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement—Undertaking by the Controlling Shareholder” for details of the lock-up undertaking given by our Controlling Shareholder under the Hong Kong Underwriting Agreement.

### INCREASE IN SHARE CAPITAL

As advised by our PRC Legal Advisors, Guantao Law Firm, pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon the Listing of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Domestic Shares on condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting and by holders of Shares of that class of Shareholders whose interest is affected in a separate meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. Resolutions of a class of Shareholders shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class Shareholders’ meeting.

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## SHARE CAPITAL

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### **REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE**

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) within 15 Business Days upon the listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted Shares as well as the current offering and listing of shares.

### **CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED**

For details of circumstances under which our Shareholders' general meeting and class Shareholders' meeting are required, please refer to "7. General Meeting" under "Appendix V—Summary of the Articles of Association" in this prospectus.

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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto set forth in the Accountant's Report set out in Appendix I to this prospectus. The Accountant's Report has been prepared in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.*

*The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in "Risk Factors," "Forward-looking Statements" and elsewhere in this prospectus.*

### OVERVIEW

We are a leading, comprehensive and "smart" property management service provider in the PRC and ranked first among the Top 100 Property Management Companies in Southwestern China Region. We were recognized by CIA as a top ten property management company among the Top 100 Property Management Companies in China in terms of overall strengths<sup>(1)</sup> for five consecutive years from 2016 to 2020 and ranked the first among the Top 100 Property Management Companies in the Southwestern China Region in terms of overall strengths for six consecutive years from 2015 to 2020 by CIA.

For nearly 20 years, we have been providing quality property management services to our customers and continuously expanded operations to cover an extensive number of cities across the PRC. As of June 30, 2020, we had built an extensive business portfolio, covering 24 provinces, municipalities and autonomous regions in three major regions, namely, the Southwestern China Region, the Eastern and Southern China Region, the Central China Region, and other regions in the PRC.

### BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

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*Note:*

- (1) Each year, CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strength. CIA prepare such ranking by assessing the relevant key factors of each company including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Please see "Industry Overview—Background and Methodologies of CIA" for more details.

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## FINANCIAL INFORMATION

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The preparation of historical financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 in the Accountant's Report in Appendix I to this prospectus.

We have adopted a full retrospective application of HKFRS 9 "Financial Instruments" (which replaced the previous HKAS 39 "Financial Instruments: recognition and measurement"), HKFRS 15 "Revenue from Contracts with Customers" (which replaced the previous HKAS 18 "Revenue") and HKFRS 16 "Leases" (which has replaced the previous HKAS 17 "Leases") which have been applied on a consistent basis Period to our consolidated financial statements throughout the Track Record. As compared to HKAS 39, HKAS 18 and HKAS 17, the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 did not have any material impact on our financial position and performance during the Track Record Period. With respect to HKFRS 16 adopted by us throughout the Track Record Period, there was no material impact from the adoption on our key financial ratios, financial position and performance for the Track Record Period.

### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position have been and will continue to be affected by a number of factors, including those set out in "Risk Factors" in this prospectus and those discussed below:

#### Our GFA under Management

During the Track Record Period, we generated a majority of our revenue from our property management services, which amounted to RMB760.9 million, RMB1,020.3 million, RMB1,465.8 million, RMB666.0 million and RMB925.4 million, respectively, for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, accounting for approximately 72.7%, 67.0%, 62.9%, 66.2% and 67.6% of our total revenue for the same periods, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to secure new and renew existing property management service agreements. During the Track Record Period, we experienced a steady growth in our GFA under management, which was 62.4 million sq.m., 89.7 million sq.m., 120.5 million sq.m. and 129.7 million sq.m. as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively.

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## FINANCIAL INFORMATION

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During the Track Record Period, a significant percentage of the projects we managed were developed by Jinke Property Group. As of December 31, 2017, 2018 and 2019 and June 30, 2020, the GFA under our management from properties developed by Jinke Property Group accounted for 66.6%, 52.7%, 47.1% and 46.6% of our total GFA under management as of the same dates, respectively. We have made continuous efforts to enlarge our customer base to include Independent Third Parties, with a view to generating additional revenue from extra sources and diversifying our project portfolio. As a result, we have experienced a continuous growth in our GFA under management from properties developed by Independent Third Parties during the Track Record Period, which accounted for approximately 32.5%, 45.6%, 48.3% and 48.5% of our total GFA under management as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. Our increasing number of projects developed by Independent Third Parties diversified our project portfolio and will help drive the continuing growth of our revenue and profits. However, please see “Risk Factors—Risks Relating to Our Business and Industry—We cannot assure you that we can secure new or renew our existing property management service agreements on favorable terms, or at all” for further discussion.

### **Our Branding and Pricing Ability**

Our financial condition and results of operations are affected by our ability to continuously maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and positioning in China’s property management industry. We leverage our branding in pricing our services, and take into account factors such as characteristics, project size, locations, market price, our budget, target profit margins, property owners’ and residents’ profiles and the scope and quality of our services. In addition, we also balance multiple considerations, including competitiveness, profitability as well as our ability to shape and preserve our image as a quality property management service provider. For example, we may set higher prices for certain services we provide, which primarily target mid-to high-end projects. Please see “Business—Competitive Strengths—Strong business development and market expansion capabilities underpinned by quality service and high customer satisfaction rates” and “Business—Business Strategies—Continue to provide diversified value-added services and upgrade community facilities, with a focus on customer satisfaction and to improve customer loyalty” for more information. We charge higher prices for our high quality services as they cost more to provide, and also because we aim to enhance our brand value. Our ability to effectively balance the aforementioned considerations is key to our financial condition and results of operations.

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Our pricing ability can materially affect our results of operations. We set forth below a sensitivity analysis of our revenue and profit and total comprehensive income for the periods with reference to the fluctuations of average property management fees for property management services during the Track Record Period for illustrative purposes. The sensitivity analysis below demonstrates the impact of the hypothetical decrease in average property management fees for property management services on our revenue and profit and total comprehensive income, while all other factors remain unchanged:

|                                                                                                | For the year ended December 31, |           |           | For the six months ended June 30, |          |
|------------------------------------------------------------------------------------------------|---------------------------------|-----------|-----------|-----------------------------------|----------|
|                                                                                                | 2017                            | 2018      | 2019      | 2019                              | 2020     |
|                                                                                                | RMB'000                         | RMB'000   | RMB'000   | RMB'000                           | RMB'000  |
|                                                                                                |                                 |           |           | <i>(unaudited)</i>                |          |
| Profit and total comprehensive income for the year/period . . . . .                            | 113,692                         | 163,926   | 374,384   | 165,579                           | 302,495  |
| <b>Assuming 5% decrease in our average property management fees . . . . .</b>                  |                                 |           |           |                                   |          |
| Decrease in revenue from our property management service business . . . . .                    | (38,045)                        | (51,015)  | (73,290)  | (33,300)                          | (46,269) |
| Decrease in profit and total comprehensive income for the year/period <sup>(1)</sup> . . . . . | (32,338)                        | (43,363)  | (62,297)  | (28,305)                          | (39,329) |
| <b>Assuming 10% decrease in our average property management fees . . . . .</b>                 |                                 |           |           |                                   |          |
| Decrease in revenue from our property management service business . . . . .                    | (76,090)                        | (102,030) | (146,579) | (66,599)                          | (92,538) |
| Decrease in profit and total comprehensive income for the year/period <sup>(1)</sup> . . . . . | (64,677)                        | (86,726)  | (124,592) | (56,609)                          | (78,657) |

*Note:*

- (1) Impact on profit and total comprehensive income for the year/period was calculated under the assumption that EIT was 15.0% for the year/period.

We strive to continuously standardize and enhance our property management services, and we may experience increases in costs from time to time. In response, we endeavor to maintain or raise our property management fee rates when renewing the expiring property management service agreements to maintain or improve our profit margin. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our branding and any pricing controls imposed by the relevant PRC authorities. We also endeavor to reduce our reliance on manual labor and improve our management efficiency to reduce cost. Our ability to reduce cost will be impacted by our ability to effectively adopt technology solutions.



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### Business Mix

During the Track Record Period, our financial condition and results of operations were affected by our business mix. Our profit margins vary across our four business lines, namely, property management services, value-added services to non-property owners, community value-added services and smart living technology solutions. Any change in the structure of revenue contribution from our four business lines or change in profit margin of any business line may have a corresponding impact on our overall gross profit margin.

In general, the gross profit margins of our community value-added services and smart living technology solutions were higher than those of our property management services and value-added services to non-property owners during the Track Record Period. The relatively high gross profit margins for our community value-added services and smart living technology solutions during the Track Record Period were primarily due to the fact that community value-added services and smart living technology solutions are less labor-intensive than property management services and value-added services to non-property owners. Please see “—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin” for more discussion on the fluctuation in our gross profit margins during the Track Record Period.

### Ability to Mitigate the Impact of Rising Labor Costs

Since property management is labor intensive, employee benefit expenses constitute a substantial portion of our cost of sales. During the Track Record Period, our labor costs increased considerably as a result of the expansion of our business, increases in our average salary and increases in the market prices for labor. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our employee benefit expenses recorded under our cost of sales were RMB468.5 million, RMB689.9 million, RMB927.1 million, RMB425.9 million and RMB430.7 million respectively, accounting for 61.1%, 60.9%, 54.8%, 58.5% and 46.0% of our cost of sales in the same periods, respectively. To cope with rising labor costs, we continue to implement a number of cost control measures including (i) utilizing internal operation platforms to optimize operating efficiency; (ii) employing technological solutions to replace manual labor and control labor costs; (iii) optimizing resource allocation to lower our per capita costs; and (iv) optimizing our staffing structure and schedules to improve efficiency and standardizing operational procedures associated with our various services.

### Changes in Tax Policies

Our operations are subject to PRC corporate income tax, value added tax and other local taxes. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our effective income tax rates, calculated as income tax expenses divided by profit before tax, were approximately 16.5%, 17.1%, 16.8%, 16.8% and 17.0%, respectively. The general corporate income tax rate in PRC is 25.0%. Certain members of our Group in the PRC were entitled to preferential income tax rates of 15.0% during the Track Record Period. Please see “—Description of Certain Consolidated Statements of Comprehensive Income Items—Income Tax Expenses” for more information. If there is any material adverse change in the preferential income tax treatment currently enjoyed by such subsidiaries, our profitability may be materially and adversely affected.

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## FINANCIAL INFORMATION

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### Competition

We primarily compete against large national property management companies. According to CIA, Jinke Property Group's market position as a leading property developer in the PRC real estate industry provides a strong foundation for our growth. In recent years, the percentage of our GFA under management for properties developed by Jinke Property Group to our overall portfolio has decreased, while the percentage of our GFA under management for properties developed by Independent Third Parties. This demonstrates that while we are able to enjoy the support from Jinke Property Group, we are also capable of searching for, and taking advantage of, market opportunities independently. According to CIA, we were recognized as one of the top ten property management companies among the Top 100 Property Management Companies in China in terms of overall strengths for five consecutive years since 2016. Please see "Business—Competition" and "Industry Overview—Competition" for more information. Our ability to compete effectively against our competitors and continue to strengthen our market position depends on our ability to enhance our competitive strengths and successfully implement our growth strategies. If we fail to compete effectively and grow our GFA under management, we may lose our existing market position and experience decreased revenue and weakened profitability.

### SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

When reviewing our consolidated financial statements, you should consider (i) our significant accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, judgments and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 in the Accountant's Report in Appendix I, respectively, to this prospectus. We set forth below those accounting policies and estimates that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

#### Revenue recognition

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

We provide property management services, value-added services to non-property owners, community value-added services and smart living technology solutions.

- (i) *Property management services.* For property management services, we bill a fixed amount for services provided on a monthly basis and recognizes as revenue in the amount to which we have a right to bill and that corresponds directly with the value of performance completed. Revenue from providing property management services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by us. For

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

- (ii) *Value-added services to non-property owners.* Value-added services to non-property owners primarily consist of: (i) sales assistance services, (ii) pre-delivery services, and (iii) consultancy and other services. Please see “Business—Our Business Model” for more information. We agree the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognized when the value-added services are rendered.
- (iii) *Community value-added services.* Community value-added services primarily consist of: (i) home-living services, (ii) community management services, (iii) home decoration services, and (iv) comprehensive living and traveling services. Please see “Business—Our Business Model” for more information. Revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer. For sales of goods, we procure merchandise from suppliers and sells goods to the property owners and corporate customers. Sales of goods are recognized when we deliver the goods to the customers. We act as a sales agent for property owners and provides residential property agency services, which charge such property owners a commission calculated based on the contract purchase price.
- (iv) *Smart living technology solutions.* Smart living technology solutions primarily include (i) smart design services, (ii) smart on-site service and (iii) smart integrated operation platform services. Please see “Business—Our Business Model” for more details. Revenue is recognized when control of the products has transferred, being when the products are delivered to the customer.

### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset’s future economic benefits are expected to be consumed. The amortization period and the amortization method for intangible asset with a finite useful life are reviewed at least as of each year end.

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Research and development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

### **Interest income**

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

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in the consolidated statements of comprehensive income as “other income”. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes and earned from loans to related parties that are in relation to the arrangements of asset-backed securities (“ABS”) and asset-backed notes (“ABN”), see Notes 11 and 28 to the Accountant’s Report in Appendix I to this prospectus.

### **Leases**

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

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

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

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

The lease payments are discounted using the interest rate implicit in the lease, if that can be determined, or our incremental borrowing rate.

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

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

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

The preparation of our Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. The key judgments and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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### **Allowance on doubtful receivables**

We make allowances on receivables based on assumptions about risk of default and expected loss rates. We used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions as well as forward looking estimates at the end of each reporting period. As there is no significant change in the business operation of property management services, actual loss rates for other receivables, customer profile and the adjustments for forward looking macroeconomic data during the Track Record Period, our expected credit loss rate for other receivables were the same during the Track Record Period. See Note 3.1.2 to the Accountant's Report set out in Appendix I of this Prospectus.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 to the Accountant's Report in Appendix I to this prospectus for more information.

### **Financial Assets at Fair Value through Profit or Loss**

During the Track Record Period, our financial assets at fair value included wealth management products, fair value of which are estimated based on unobservable inputs primarily included wealth management products from banks. See Note 20 to the Accountant's Report set out in Appendix I of this Prospectus.

We have established and implemented the following rules and procedures relating to, among other things, securities investment such as wealth management products, including but not limited to:

- Assessment on the investment target, investment amount, expected return rate, investment return analysis and investment risk analysis is required.
- The assessment will then be approved by the management. Depending on the size of the investment, the investment will be further approved by the board of directors of Jinke Property and/or shareholders of Jinke Property.
- Regular review on the status and returns of our investments is also required.
- For the level 3 investments, our Directors review the fair value measurement of the financial investments taking into account of the valuation techniques and assumptions of unobservable inputs and determine if the fair value measurement of level 3 investments is in compliance with the applicable HKFRS.

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Having performed the above procedures, our Directors consider that the carrying amount of the level 3 investments including wealth management products were reasonable and approximate to the fair values due to the short maturities of the investments.

The details on the fair value measurement of the financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Note 20 to the Appendix I to this Prospectus. The Reporting Accountant has carried out necessary audit works in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group’s Historical Financial Information for the Track Record Period as a whole in Appendix I to this prospectus. The Reporting Accountant’s opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

Taking into account of: (i) our Directors’ view and discussion as to the the relevant assumptions and basis of valuation; (ii) discussions with the Reporting Accountant as to the audit procedures carried out by it for its purpose of expressing opinion on historical financial information of our Group as a whole; (iii) the unqualified opinion on our Group’s historical financial information as a whole issued by the Reporting Accountant; and (iv) the review of relevant policies and agreements, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with the valuation of our Group’s financial assets categorized within Level 3 of fair value measurements.

### **Current and deferred income tax**

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

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



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### DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future year/period.

|                                                                            | For the year ended December 31, |                  |                  | For the six months ended June 30, |                  |
|----------------------------------------------------------------------------|---------------------------------|------------------|------------------|-----------------------------------|------------------|
|                                                                            | 2017                            | 2018             | 2019             | 2019                              | 2020             |
|                                                                            | <i>RMB'000</i>                  | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>                    | <i>RMB'000</i>   |
|                                                                            |                                 |                  |                  | <i>(unaudited)</i>                |                  |
| <b>Revenue</b> . . . . .                                                   | <b>1,047,041</b>                | <b>1,523,886</b> | <b>2,327,657</b> | <b>1,005,307</b>                  | <b>1,369,604</b> |
| Cost of sales . . . . .                                                    | (766,495)                       | (1,133,053)      | (1,691,979)      | (727,765)                         | (936,570)        |
| <b>Gross profit</b> . . . . .                                              | <b>280,546</b>                  | <b>390,833</b>   | <b>635,678</b>   | <b>277,542</b>                    | <b>433,034</b>   |
| Selling and marketing expenses . . . . .                                   | (1,729)                         | (3,618)          | (3,021)          | (1,453)                           | (689)            |
| Administrative expenses . . . . .                                          | (148,002)                       | (185,815)        | (233,390)        | (91,878)                          | (89,940)         |
| Net impairment losses of financial assets . . . . .                        | (344)                           | (1,007)          | (4,018)          | (3,291)                           | (2,327)          |
| Other income . . . . .                                                     | 3,433                           | 3,330            | 52,146           | 16,555                            | 22,661           |
| Other gains/(losses), net . . . . .                                        | 37                              | (597)            | 1,948            | 1,056                             | 611              |
| <b>Operating profit</b> . . . . .                                          | <b>133,941</b>                  | <b>203,126</b>   | <b>449,343</b>   | <b>198,531</b>                    | <b>363,350</b>   |
| Finance income/(cost), net . . . . .                                       | 2,292                           | (5,470)          | 769              | 457                               | 1,090            |
| <b>Profit before income tax</b> . . . . .                                  | <b>136,233</b>                  | <b>197,656</b>   | <b>450,112</b>   | <b>198,988</b>                    | <b>364,440</b>   |
| Income tax expenses . . . . .                                              | (22,541)                        | (33,730)         | (75,728)         | (33,409)                          | (61,945)         |
| <b>Profit and total comprehensive income attributable to:</b>              |                                 |                  |                  |                                   |                  |
| — Owners of the Company . . . . .                                          | 113,551                         | 161,776          | 366,452          | 162,434                           | 293,756          |
| — Non-controlling interests . . . . .                                      | 141                             | 2,150            | 7,932            | 3,145                             | 8,739            |
| <b>Profit and total comprehensive income for the year/period</b> . . . . . | <b>113,692</b>                  | <b>163,926</b>   | <b>374,384</b>   | <b>165,579</b>                    | <b>302,495</b>   |

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### Revenue

During the Track Record Period, we derived our revenue primarily from the following four business lines, namely (i) property management services, (ii) value-added services to non-property owners, (iii) community value-added services and (iv) smart living technology solutions:

|                                                          | For the year ended December 31, |              |                  |              |                  |              | For the six months ended June 30, |              |                  |              |
|----------------------------------------------------------|---------------------------------|--------------|------------------|--------------|------------------|--------------|-----------------------------------|--------------|------------------|--------------|
|                                                          | 2017                            |              | 2018             |              | 2019             |              | 2019                              |              | 2020             |              |
|                                                          | RMB'000                         | %            | RMB'000          | %            | RMB'000          | %            | RMB'000<br>(unaudited)            | %            | RMB'000          | %            |
| Property management services . . . .                     | 760,899                         | 72.7         | 1,020,300        | 67.0         | 1,465,792        | 62.9         | 665,990                           | 66.2         | 925,381          | 67.6         |
| Value-added services to<br>non-property owners . . . . . | 202,931                         | 19.4         | 367,530          | 24.1         | 596,391          | 25.6         | 226,393                           | 22.5         | 292,227          | 21.3         |
| Community value-added services . . .                     | 76,811                          | 7.3          | 125,464          | 8.2          | 238,603          | 10.3         | 98,177                            | 9.8          | 125,568          | 9.2          |
| Smart living technology<br>solutions . . . . .           | 6,400                           | 0.6          | 10,592           | 0.7          | 26,871           | 1.2          | 14,747                            | 1.5          | 26,428           | 1.9          |
| <b>Total . . . . .</b>                                   | <b>1,047,041</b>                | <b>100.0</b> | <b>1,523,886</b> | <b>100.0</b> | <b>2,327,657</b> | <b>100.0</b> | <b>1,005,307</b>                  | <b>100.0</b> | <b>1,369,604</b> | <b>100.0</b> |

### *Revenue from property management services*

Our property management services primarily include cleaning, security, greening, repair and maintenance services, public area maintenance and other property management related services. Our revenue from our property management services accounted for 72.7%, 67.0%, 62.9% and 67.6% of our total revenue for 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. The growth in our revenue was primarily driven by the increases in our total GFA under management as a result of our business expansion. During the Track Record Period, we experienced a steady growth in our total GFA under management, which was approximately 62.4 million sq.m., 89.7 million sq.m., 120.5 million sq.m. and 129.7 million sq.m. as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively.

Property management fees may be charged on either a lump sum or a commission basis. During the Track Record Period, we charged property management fees under the lump sum basis for all of properties under our management. According to CIA, the lump-sum fee model is the dominant method of collecting property management fees in China. It dispenses with certain collective decision-making procedures among property owners and residents for making large expenditures, which instead are required under the commission fee model. Another advantage of the lump-sum fee model is that it incentivizes property management companies to optimize their cost structure and streamline their business operations to enhance profitability, which is conducive to the development of the PRC property management industry as a whole. 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.

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During the Track Record Period, we derived the majority of our property management services revenue from managing properties developed by Jinke Property Group. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue from property management services provided to properties developed by Jinke Property Group amounted to RMB562.6 million, RMB703.3 million, RMB923.6 million, RMB425.2 million and RMB559.0 million, respectively, accounting for approximately 73.9%, 69.0%, 63.0%, 63.8% and 60.4%, respectively, of our total revenue derived from property management services for the same periods. The decrease in our percentage of total revenue from managing properties developed by Jinke Property Group during the Track Record Period was primarily due to our continuous efforts to expand our customer base and manage more properties developed by Independent Third Parties.

The table below sets forth a breakdown of our revenue from property management services for the periods indicated, by type of property developer:

|                                                                                                       | As of or for the year ended December 31, |                |               |                  | As of or for the six months ended June 30, |                  |                |                |
|-------------------------------------------------------------------------------------------------------|------------------------------------------|----------------|---------------|------------------|--------------------------------------------|------------------|----------------|----------------|
|                                                                                                       | 2017                                     |                | 2018          |                  | 2019                                       |                  | 2020           |                |
|                                                                                                       | GFA                                      | Revenue        | GFA           | Revenue          | GFA                                        | Revenue          | GFA            | Revenue        |
|                                                                                                       | sq.m.'000                                | RMB'000        | %             | RMB'000          | sq.m.'000                                  | RMB'000          | sq.m.'000      | RMB'000        |
|                                                                                                       |                                          |                |               | %                |                                            | (unaudited)      |                | %              |
| Properties developed by Jinke Property Group <sup>(1)</sup> . . . . .                                 | 41,523                                   | 562,646        | 73.9          | 703,322          | 56,761                                     | 923,598          | 51,953         | 559,021        |
| Properties developed by Jinke Property Group's joint ventures and associates <sup>(2)</sup> . . . . . | 572                                      | 6,880          | 0.9           | 18,836           | 1.8                                        | 30,450           | 2.1            | 63.8           |
| Properties developed by Independent Third Parties <sup>(3)</sup> . . . . .                            | 20,289                                   | 191,373        | 25.2          | 298,142          | 58,208                                     | 511,744          | 47,534         | 333,238        |
| <b>Total</b> . . . . .                                                                                | <b>62,384</b>                            | <b>760,899</b> | <b>100.00</b> | <b>1,020,300</b> | <b>120,532</b>                             | <b>1,465,792</b> | <b>102,887</b> | <b>925,381</b> |
|                                                                                                       |                                          |                |               | <b>100.00</b>    |                                            | <b>100.00</b>    |                | <b>100.0</b>   |

*Notes:*

- (1) Refer to properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties jointly developed by Jinke Property Group and other property developers (excluding properties developed by Jinke Property Group's joint ventures and associates) in which Jinke Property Group held a controlling interest. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue we generated from Jinke Property Group in relation to management of such properties amounted to RMB63.2 million, RMB56.1 million, RMB61.3 million, RMB12.6 million and RMB53.3 million, respectively. During the same periods, revenue we generated from property owners and residents in relation to management of such properties amounted to RMB499.4 million, RMB647.2 million, RMB862.3 million, RMB412.6 million and RMB505.7 million, respectively.
- (2) Refer to properties developed by Jinke Property Group's joint venture and associates, in which Jinke Property Group did not hold a controlling interest.
- (3) Refer to properties solely developed by third-party property developers independent from Jinke Property Group. Properties developed by Independent Third Parties include government-owned buildings and other public properties.

During the Track Record Period, a majority of our revenue from property management services was derived from residential properties, which accounted for 92.1%, 89.8%, 85.4%, 86.6% and 83.5%, respectively, of our total revenue from property management services in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. The general decrease in the percentage of revenue derived from managing residential properties during the Track Record Period was primarily due to the increase in our total GFA under management for non-residential properties we acquired through successful tenders from Jinke Property Group and Independent Third Parties.

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|                                                    | As of or for the year ended December 31, |          |                      |          | As of or for the six months ended June 30, |          |                      |           |       |         |         |       |         |         |       |
|----------------------------------------------------|------------------------------------------|----------|----------------------|----------|--------------------------------------------|----------|----------------------|-----------|-------|---------|---------|-------|---------|---------|-------|
|                                                    | 2017                                     |          | 2018                 |          | 2019                                       |          | 2019                 |           |       |         |         |       |         |         |       |
|                                                    | GFA under management                     | Revenue  | GFA under management | Revenue  | GFA under management                       | Revenue  | GFA under management | Revenue   |       |         |         |       |         |         |       |
|                                                    | sq.m. '000                               | RMB '000 | %                    | RMB '000 | sq.m. '000                                 | RMB '000 | sq.m. '000           | RMB '000  |       |         |         |       |         |         |       |
|                                                    |                                          |          | %                    |          |                                            |          |                      |           |       |         |         |       |         |         |       |
| Residential properties <sup>(1)</sup>              | 58,707                                   | 700,959  | 92.1                 | 80,431   | 916,477                                    | 89.8     | 105,890              | 1,251,471 | 85.4  | 90,264  | 576,863 | 86.6  | 108,700 | 772,723 | 83.5  |
| Non-residential properties <sup>(2)</sup>          |                                          |          |                      |          |                                            |          |                      |           |       |         |         |       |         |         |       |
| — Commercial properties and office buildings . . . | 1,922                                    | 23,583   | 3.1                  | 3,227    | 44,147                                     | 4.3      | 4,266                | 91,915    | 6.3   | 4,481   | 38,922  | 5.9   | 5,749   | 60,127  | 6.5   |
| — Public and other properties . . . . .            | 959                                      | 27,828   | 3.7                  | 3,862    | 45,373                                     | 4.5      | 6,222                | 80,677    | 5.5   | 5,092   | 35,512  | 5.3   | 8,990   | 58,674  | 6.3   |
| — Industrial parks . . .                           | 796                                      | 8,529    | 1.1                  | 2,222    | 14,303                                     | 1.4      | 4,154                | 41,729    | 2.8   | 3,050   | 14,694  | 2.2   | 6,305   | 33,856  | 3.7   |
| Subtotal . . . . .                                 | 3,677                                    | 59,940   | 7.9                  | 9,311    | 103,823                                    | 10.2     | 14,642               | 214,321   | 14.6  | 12,623  | 89,127  | 13.4  | 21,043  | 152,658 | 16.5  |
| Total . . . . .                                    | 62,384                                   | 760,899  | 100.0                | 89,742   | 1,020,300                                  | 100.0    | 120,532              | 1,465,792 | 100.0 | 102,887 | 665,990 | 100.0 | 129,743 | 925,381 | 100.0 |

*Notes:*

- (1) In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the proportion of our revenue generated from managing residential properties developed by Jinke Property Group to our total revenue generated from managing residential properties was 68.5%, 66.4%, 64.2%, 70.5% and 68.1%, respectively. The proportion of our revenue generated from managing residential properties developed by Independent Third Parties to our total revenue generated from managing residential properties was 30.5%, 31.5%, 33.4%, 27.6% and 27.6%, respectively, for the same periods.
- As of December 31, 2017, 2018 and 2019 and June 30, 2019 and 2020, the proportion of our GFA under management for residential properties developed by Jinke Property Group to our total GFA under management for residential properties was 68.9%, 56.8%, 51.7%, 55.8% and 53.8%, respectively. The proportion of our GFA under management for residential properties developed by Independent Third Parties to our total GFA under management for residential properties was 30.1%, 41.2%, 43.0%, 40.5% and 40.3%, respectively, for the same periods.
- (2) In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the proportion of our revenue generated from managing non-residential properties developed by Jinke Property Group to our total revenue generated from managing non-residential properties was 38.5%, 35.9%, 25.2%, 21.4% and 21.6%, respectively. The proportion of our revenue generated from managing non-residential properties developed by Independent Third Parties to our total revenue generated from managing non-residential properties was 61.5%, 64.1%, 74.8%, 78.6% and 78.4%, respectively, for the same periods.
- As of December 31, 2017, 2018 and 2019 and June 30, 2019 and 2020, the proportion of our GFA under management for non-residential properties developed by Jinke Property Group to our total GFA under management for non-residential properties was 28.6%, 16.9%, 13.7%, 12.7% and 9.6%, respectively. The proportion of our GFA under management for non-residential properties developed by Independent Third Parties to our total GFA under management for non-residential properties was 71.4%, 83.1%, 86.3%, 87.3% and 90.4%, respectively, for the same periods.

To facilitate our management, we divide our geographic coverage into three major regions in China, namely, the Southwestern China Region, the Eastern and Southern China Region, the Central China Region, and other regions. The table below sets forth a breakdown of our total GFA under management as of the dates and revenue from property management services for the periods indicated by geographic region:

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*Notes:*

- (1) Provinces, municipalities and autonomous regions in which we provide property management services to projects in the Southwestern China Region include Sichuan province, Guizhou province, Yunnan province, Tibet Autonomous Region and Chongqing municipality.
- (2) Provinces, municipalities and autonomous regions in which we provide property management services to projects in the Eastern and Southern China Region include Jiangsu province, Zhejiang province, Fujian province, Jiangxi province, Shandong province, Anhui province, Guangdong province, Hainan province, Guangxi Zhuang Autonomous Region and Shanghai municipality.
- (3) Provinces, municipalities and autonomous regions in which we provide property management services to projects in the Central China Region include Henan province, Hubei province and Hunan province.
- (4) Provinces, municipalities and autonomous regions in which we provide property management services to projects in other regions include Hebei province, Shanxi province, Shanxi province, Gansu province, Qinghai province, Liaoning province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region, Beijing and Tianjin municipalities.

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### *Revenue from value-added services to non-property owners*

We provide value-added services to non-property owners, which are primarily property developers, primarily including (i) sales assistance services aimed to assist property developers in showcasing and marketing their properties, (ii) pre-delivery services, which include cleaning, inspection, repair and maintenance services at the pre-delivery stage of property sales and (iii) other value-added services, which include tailored services such as design consultancy services, to property developers. The increase in our sales assistance services and pre-delivery services to non-property owners was generally in line with our business expansion and the continuous growth in our GFA under management. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the periods indicated:

|                                 | For the year ended December 31, |              |                |              |                |              | For the six months ended June 30, |              |                |              |
|---------------------------------|---------------------------------|--------------|----------------|--------------|----------------|--------------|-----------------------------------|--------------|----------------|--------------|
|                                 | 2017                            |              | 2018           |              | 2019           |              | 2019                              |              | 2020           |              |
|                                 | <i>RMB'000</i>                  | <i>%</i>     | <i>RMB'000</i> | <i>%</i>     | <i>RMB'000</i> | <i>%</i>     | <i>RMB'000</i>                    | <i>%</i>     | <i>RMB'000</i> | <i>%</i>     |
|                                 | <i>(unaudited)</i>              |              |                |              |                |              |                                   |              |                |              |
| Sales assistance services . . . | 142,434                         | 70.2         | 286,190        | 77.9         | 474,690        | 79.6         | 190,154                           | 84.0         | 246,890        | 84.5         |
| Pre-delivery services . . . . . | 50,423                          | 24.8         | 71,318         | 19.4         | 112,023        | 18.8         | 32,355                            | 14.3         | 42,388         | 14.5         |
| Other value-added services .    | 10,074                          | 5.0          | 10,022         | 2.7          | 9,678          | 1.6          | 3,884                             | 1.7          | 2,949          | 1.0          |
| <b>Total . . . . .</b>          | <b>202,931</b>                  | <b>100.0</b> | <b>367,530</b> | <b>100.0</b> | <b>596,391</b> | <b>100.0</b> | <b>226,393</b>                    | <b>100.0</b> | <b>292,227</b> | <b>100.0</b> |

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### *Revenue from community value-added services*

We provide community value-added services to property owners and residents of the properties managed by us. Our community value-added services primarily consist of (i) home-living services, which mainly include shopping services and home-cleaning services, (ii) community management services, which include the management of community resources such as advertising and holding promotional activities in common areas and construction waste disposal services, (iii) home-decoration services, which include home furnishing and design and decoration consultancy services, and (iv) comprehensive living and traveling services, which include property and travel agency services. The increase in our community value-added services was mainly due to increases in revenue from our home-living services and home-decoration services, primarily due to the growth in our GFA under management, and as a result, the increased demand of home related services from our serviced property owners and residents. The following table sets forth a breakdown of our revenue from community value-added services for the periods indicated:

|                                                       | For the year ended December 31, |              |                |              |                |              | For the six months ended June 30, |              |                |              |
|-------------------------------------------------------|---------------------------------|--------------|----------------|--------------|----------------|--------------|-----------------------------------|--------------|----------------|--------------|
|                                                       | 2017                            |              | 2018           |              | 2019           |              | 2019                              |              | 2020           |              |
|                                                       | RMB'000                         | %            | RMB'000        | %            | RMB'000        | %            | RMB'000                           | %            | RMB'000        | %            |
|                                                       | (unaudited)                     |              |                |              |                |              |                                   |              |                |              |
| Home-living services . . . . .                        | 6,920                           | 9.0          | 30,480         | 24.3         | 81,639         | 34.2         | 36,041                            | 36.7         | 62,798         | 50.0         |
| Community management services . . . . .               | 42,956                          | 55.9         | 57,152         | 45.6         | 75,152         | 31.5         | 35,231                            | 35.9         | 32,767         | 26.1         |
| Home-decoration services . . . . .                    | 155                             | 0.2          | 431            | 0.3          | 41,070         | 17.2         | 6,053                             | 6.2          | 14,587         | 11.6         |
| Comprehensive Living and Traveling Services . . . . . | 26,780                          | 34.9         | 37,401         | 29.8         | 40,742         | 17.1         | 20,852                            | 21.2         | 15,416         | 12.3         |
| <b>Total . . . . .</b>                                | <b>76,811</b>                   | <b>100.0</b> | <b>125,464</b> | <b>100.0</b> | <b>238,603</b> | <b>100.0</b> | <b>98,177</b>                     | <b>100.0</b> | <b>125,568</b> | <b>100.0</b> |

### *Revenue from smart living technology solutions*

We provide smart living technology solutions, which primarily include (i) smart design services that include designing various high-tech systems for property developers such as home security systems, (ii) smart on-site services to property developers during mainly property sales such as display and promotion of smart home technologies at their properties, and (iii) smart integration operational platform services, which include the development, customization, installation and maintenance of certain property management systems. The revenue of our smart living technology solutions contributed to approximately 0.6%, 0.7%, 1.2%, 1.5% and 1.9% of our total revenue for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. The growth of our smart living technology solutions over the Track Record Period was mainly attributable to (i) smart solutions that we developed for Independent Third Parties; and (ii) the wider implementation of the Home-Life system (生命家系統) in sales office where we provide sales assistance services. The Home-Life system (生命家系統) is a smart system demonstrating our property management standard to potential property purchasers, and in general has a relatively high sales price.

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### Cost of Sales

Our cost of sales primarily consists of (i) employee benefit expenses, (ii) greening and cleaning expenses, (iii) maintenance costs, (iv) security maintenance costs, (v) cost of goods sold in relation to our shopping services under community value-added services, (vi) utility costs, (vii) office expenses, (viii) cost of raw materials, (ix) community activities expenses, (x) taxes and other levies, (xi) depreciation and amortization charges and (xii) others.

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

|                                          | For the year ended December 31, |                  |                  | For the six months ended June 30, |                |
|------------------------------------------|---------------------------------|------------------|------------------|-----------------------------------|----------------|
|                                          | 2017                            | 2018             | 2019             | 2019                              | 2020           |
|                                          | RMB'000                         | RMB'000          | RMB'000          | RMB'000                           | RMB'000        |
|                                          |                                 |                  |                  | (unaudited)                       |                |
| Employee benefit expenses . . . . .      | 468,548                         | 689,882          | 927,091          | 425,877                           | 430,698        |
| Greening and cleaning expenses . . . . . | 138,098                         | 185,980          | 305,773          | 122,688                           | 176,235        |
| Maintenance costs . . . . .              | 55,514                          | 85,451           | 116,601          | 50,208                            | 50,074         |
| Security charges . . . . .               | 15,581                          | 25,760           | 78,377           | 18,775                            | 105,335        |
| Cost of goods sold . . . . .             | 1,782                           | 20,508           | 72,436           | 28,668                            | 63,669         |
| Utility costs . . . . .                  | 25,675                          | 33,137           | 43,895           | 16,619                            | 42,618         |
| Office expenses . . . . .                | 12,121                          | 20,165           | 21,467           | 9,717                             | 10,057         |
| Raw materials . . . . .                  | 8,199                           | 9,993            | 18,366           | 9,232                             | 17,182         |
| Community activities expenses . . . . .  | 5,425                           | 8,166            | 14,525           | 7,179                             | 5,944          |
| Taxes and other levies . . . . .         | 7,275                           | 8,885            | 11,502           | 5,219                             | 6,188          |
| Depreciation and amortization . . . . .  | 4,055                           | 5,146            | 5,751            | 2,750                             | 3,275          |
| Others <sup>(1)</sup> . . . . .          | 24,222                          | 39,980           | 76,195           | 30,833                            | 25,295         |
| <b>Total . . . . .</b>                   | <b>766,495</b>                  | <b>1,133,053</b> | <b>1,691,979</b> | <b>727,765</b>                    | <b>936,570</b> |

*Note:*

- (1) Primarily include tourism service costs, operating lease payments, consultancy fees, traveling and entertainment expenses and other miscellaneous expenses.

As the property management industry is labor-intensive, substantially all of our cost of sales during Track Record Period were variable costs that would vary depending on the fluctuations in, among others, our GFA under management, which accounted for 99.5%, 99.5%, 99.7%, 99.6% and 99.7% of our cost of sales in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. Accordingly, we consider all of our cost of sales for the Track Record Period were variable costs except for depreciation and amortization charges. Depreciation and amortization charges accounted for approximately 5.3%, 4.5%, 3.4%, 3.8% and 3.5% of our total cost of sales in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. For illustrative purpose only, assuming 1% increase in our employee benefit expenses, while keeping all other factors unchanged, our gross profit margin would be reduced by less than 0.5% for each of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 as a result.

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

|                                                          | For the year ended December 31, |                  |                  | For the six months ended June 30, |                |
|----------------------------------------------------------|---------------------------------|------------------|------------------|-----------------------------------|----------------|
|                                                          | 2017                            | 2018             | 2019             | 2019                              | 2020           |
|                                                          | <i>RMB'000</i>                  | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i><br>(unaudited)     | <i>RMB'000</i> |
| Property management services . .                         | 599,203                         | 819,710          | 1,147,027        | 517,602                           | 667,725        |
| Value-added services to<br>non-property owners . . . . . | 134,614                         | 247,034          | 402,472          | 150,775                           | 175,715        |
| Community value-added<br>services . . . . .              | 30,626                          | 60,885           | 128,600          | 51,814                            | 79,573         |
| Smart living technology<br>solutions . . . . .           | 2,052                           | 5,424            | 13,880           | 7,574                             | 13,557         |
| <b>Total . . . . .</b>                                   | <b>766,495</b>                  | <b>1,133,053</b> | <b>1,691,979</b> | <b>727,765</b>                    | <b>936,570</b> |

### Gross Profit and Gross Profit Margin

Our overall gross profit margin in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, was 26.8%, 25.6%, 27.3%, 27.6% and 31.6% respectively. Our overall gross profit margins are affected by the mix of revenue derived from each of our business lines. The following table sets forth our gross profit and gross profit margin by business line for the periods indicated:

|                                                        | For the year ended December 31, |             |                |             |                |             | For the six months ended June 30, |             |                |             |  |  |
|--------------------------------------------------------|---------------------------------|-------------|----------------|-------------|----------------|-------------|-----------------------------------|-------------|----------------|-------------|--|--|
|                                                        | 2017                            | 2018        | 2019           | 2019        | 2020           |             | 2019                              | 2020        |                |             |  |  |
|                                                        | <i>RMB'000</i>                  | %           | <i>RMB'000</i> | %           | <i>RMB'000</i> | %           | <i>RMB'000</i>                    | %           | <i>RMB'000</i> | %           |  |  |
| Property management<br>services . . . . .              | 161,696                         | 21.3        | 200,590        | 19.7        | 318,765        | 21.7        | 148,388                           | 22.3        | 257,656        | 27.8        |  |  |
| Value-added services to<br>non-property owners . . . . | 68,317                          | 33.7        | 120,496        | 32.8        | 193,919        | 32.5        | 75,618                            | 33.4        | 116,512        | 39.9        |  |  |
| Community value-added<br>services . . . . .            | 46,185                          | 60.1        | 64,579         | 51.5        | 110,003        | 46.1        | 46,363                            | 47.2        | 45,995         | 36.6        |  |  |
| Smart living technology<br>solutions . . . . .         | 4,348                           | 67.9        | 5,168          | 48.8        | 12,991         | 48.3        | 7,173                             | 48.6        | 12,871         | 48.7        |  |  |
| <b>Total . . . . .</b>                                 | <b>280,546</b>                  | <b>26.8</b> | <b>390,833</b> | <b>25.6</b> | <b>635,678</b> | <b>27.3</b> | <b>277,542</b>                    | <b>27.6</b> | <b>433,034</b> | <b>31.6</b> |  |  |

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Our gross profit during the Track Record Period was RMB280.5 million, RMB390.8 million, RMB635.7 million, RMB277.5 million and RMB433.0 million, respectively, and our gross profit margin was 26.8%, 25.6%, 27.3%, 27.6% and 31.6% for the same periods, respectively. The overall increase in our gross profit in 2018 was primarily in line with the aforementioned growth in our revenue despite the slightly decrease in our gross profit margin. The overall growth in our gross profit in 2019 was primarily in line with the aforementioned growth in our revenue and the improvement in our cost control efficiency in 2019. The overall growth in our gross profit in the six months ended June 30, 2020 was primarily in line with the aforementioned growth in our revenue and our effective cost control measures in the first half of 2020.

### *Property Management Services*

Gross profit margin for our property management services is largely affected by the combined effect of the property management fees we charge for our property management services and our cost of sales for providing such services. The average property management fees that we charge for property management services for residential properties was approximately RMB2.2 per sq.m. per month, RMB2.1 per sq.m. per month, RMB2.2 per sq.m. per month and RMB2.2 per sq.m. per month in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively.

Our gross profit margin for property management services decreased from 21.3% in 2017 to 19.7% in 2018, primarily because (i) our average property management fees decreased from RMB2.2 per sq.m. per month in 2017 to RMB2.1 per sq.m. per month in 2018, which was mainly due to an increase in the percentage of revenue derived from certain properties developed by Independent Third Parties, for which we charged relatively lower property management fees as the properties developed by Independent Third Parties included relatively fewer number of mid- to high-end properties. Our competitive price allowed us to secure more property management agreements; and (ii) an increase in our average labor costs. Our gross profit margin for property management services increased from 19.7% in 2018 to 21.7% in 2019, primarily due to (i) an increase in the average property management fee from RMB2.1 per sq.m. per month in 2018 to RMB2.2 per sq.m. per month in 2019, as a result of the increase in average property management fee of our newly delivered properties in 2019; (ii) an increase in the percentage of our revenue derived from non-residential properties, which had a relatively higher gross profit margin than that of residential properties, primarily due to customers of non-residential properties generally have higher service quality expectation or may require more complex service than customers of residential properties which create more room for higher markup; and (iii) the improvement of our cost control measures and greater economies of scale as a result of our business expansion. Our gross profit margin for property management services increased to 27.8% in the six months ended June 30, 2020 from 22.3% in the six months ended June 30, 2019, primarily due to (i) the increase in the percentage of our revenue derived from some of the non-residential properties, such as commercial properties, office buildings and industrial parks, which had a higher margin; (ii) the increase in our revenue from parking lot management fee, as our parking lot management fee for residential properties under our management was increased on average in the first half of 2020; (iii) the fact that we

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received certain social insurance contribution exemptions for our employees from local governments as part of the COVID-19 pandemic relief measures which helped to keep our employee benefits expenses low in the first half of 2020; and (iv) the increase in GFA under management for Residential properties developed by Jinke Property Group and its joint ventures and associates, which generally target mid- to high-end customers and therefore had a higher unit service price in general in the first half of 2020.

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

|                                                                                      | For the year ended December 31, |                     |                |                     |                |                     | For the six months ended June 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        | %                   |
|                                                                                      | (unaudited)                     |                     |                |                     |                |                     |                                   |                     |                |                     |
| Properties developed by Jinke Property Group . . . . .                               | 120,473                         | 21.4                | 150,482        | 21.4                | 202,951        | 22.0                | 97,393                            | 22.9                | 160,880        | 28.8                |
| Properties developed by Jinke Property Group's joint ventures and associates . . . . | 1,458                           | 21.2                | 3,978          | 21.1                | 6,547          | 21.5                | 2,723                             | 22.0                | 9,520          | 28.7                |
| Properties developed by Independent Third Parties . . . . .                          | 39,765                          | 20.8                | 46,130         | 15.5                | 109,267        | 21.4                | 48,272                            | 21.1                | 87,256         | 26.2                |
| <b>Total . . . . .</b>                                                               | <b>161,696</b>                  | <b>21.3</b>         | <b>200,590</b> | <b>19.7</b>         | <b>318,765</b> | <b>21.7</b>         | <b>148,388</b>                    | <b>22.3</b>         | <b>257,656</b> | <b>27.8</b>         |

Our gross profit margins from property management services provided to properties developed by Jinke Property Group and properties developed by Jinke Property Group's joint ventures and associates were slightly higher than those of property management services provided to properties developed by Independent Third Parties during the Track Record Period. In general, our average property management fee for residential properties developed by Jinke Property Group and its joint ventures and associates was higher than our average property management fee, as we were able to manage more mid- to higher-end residential properties, and as a result, had more room to charge a higher gross profit margin. In addition, as we are more familiar with the particular needs and requirements of Jinke Property Group or its joint venture and associates, we were able to provide our property management service at a more cost effective manner as compared to services provided to properties developed by Independent Third Parties.

### *Value-added services to non-property owners*

Gross profit margin for our value-added services to non-property owners was 33.7%, 32.8%, 32.5%, 33.4% and 39.9%, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. The gross profit margin for our value-added services to non-property owners decreased slightly from 33.7% in 2017 to 32.8% in 2018, and further to



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32.5% in 2019, primarily due to the increase in labor cost as a result of the labor cost inflation and our effort to improve the quality of our value-added services to non-property owners, such as sales assistance services for which property developers may have tailored service demands for pre-sales of high-quality properties. Our gross profit margin for value-added services to non-property owners increased from 33.4% in the six months ended June 30, 2019 to 39.9% in the six months ended June 30, 2020, primarily due to the decrease in employee benefit expenses as a result of (i) social insurance contribution exemption granted by the Ministry of Human Resources and Social Security and local governmental authorities as COVID-19 relief measures between February and June 2020 and (ii) the decrease in onsite pre-sales supporting staff due to the COVID-19 prevention requirements.

The table below sets forth a breakdown of our total revenue, gross profit and gross profit margin for value-added services to non-property owners by customer type for the periods indicated:

|                                                                       | For the year ended December 31, |       |              |                     |         |       |              |                     |         |       |              |                     | For the six months ended June 30, |       |              |                     |         |       |              |                     |
|-----------------------------------------------------------------------|---------------------------------|-------|--------------|---------------------|---------|-------|--------------|---------------------|---------|-------|--------------|---------------------|-----------------------------------|-------|--------------|---------------------|---------|-------|--------------|---------------------|
|                                                                       | 2017                            |       |              |                     | 2018    |       |              |                     | 2019    |       |              |                     | 2019                              |       |              |                     | 2020    |       |              |                     |
|                                                                       | Revenue                         |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin | Revenue                           |       | Gross Profit | Gross Profit Margin | Revenue |       | Gross Profit | Gross Profit Margin |
|                                                                       | RMB'000                         | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   | RMB'000                           | %     | RMB'000      | %                   | RMB'000 | %     | RMB'000      | %                   |
|                                                                       | (unaudited)                     |       |              |                     |         |       |              |                     |         |       |              |                     |                                   |       |              |                     |         |       |              |                     |
| Value-added services to non-property owners                           |                                 |       |              |                     |         |       |              |                     |         |       |              |                     |                                   |       |              |                     |         |       |              |                     |
| - Jinke Property Group                                                | 187,111                         | 92.2  | 63,365       | 33.9                | 275,596 | 74.9  | 91,751       | 33.3                | 431,927 | 72.4  | 144,588      | 33.5                | 140,603                           | 62.1  | 48,150       | 34.2                | 199,620 | 68.3  | 81,705       | 40.9                |
| - Jinke Property Group's joint ventures and associates <sup>(1)</sup> | 7,332                           | 3.6   | 2,455        | 33.5                | 36,960  | 10.1  | 11,814       | 32.0                | 71,537  | 12.0  | 22,302       | 31.2                | 27,097                            | 12.0  | 8,890        | 32.8                | 39,682  | 13.6  | 15,485       | 39.0                |
| - Independent Third Parties <sup>(2)</sup>                            | 8,488                           | 4.2   | 2,497        | 29.4                | 54,974  | 15.0  | 16,931       | 30.8                | 92,927  | 15.6  | 27,029       | 29.1                | 58,693                            | 25.9  | 18,578       | 31.7                | 52,925  | 18.1  | 19,322       | 36.5                |
| Total                                                                 | 202,931                         | 100.0 | 68,317       | 33.7                | 367,530 | 100.0 | 120,496      | 32.8                | 596,391 | 100.0 | 193,919      | 32.5                | 226,393                           | 100.0 | 75,618       | 33.4                | 292,227 | 100.0 | 116,512      | 39.9                |

### Notes:

- (1) Refer to joint ventures and associates of Jinke Property Group in which Jinke Property Group did not hold a controlling interest.
- (2) Refer to third-party property developers, property owners and/or residents that were independent of Jinke Property Group.

During the Track Record Period, our gross profit margins of value-added services provided to Jinke Property Group and its joint ventures and associates were slightly higher than those of value-added services provided to Independent Third Parties, primarily because we are more familiar with the particular needs and requirements of Jinke Property Group, as well as its joint ventures and associates, for their sale assistance service, pre-delivery services and other value-added services. Given our long-term and stable relationship with Jinke Property Group, see “Summary—Relationship with Jinke Property Group,” such familiarity allowed us to better budget the costs of our value-added services to Jinke Property Group and its joint ventures and associates.

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### *Community value-added services*

Gross profit margin for our community value-added services was 60.1%, 51.5%, 46.1%, 47.2% and 36.6%, respectively, for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. The gross profit margins for our community value-added services are relatively high, primarily because the community value-added services are less labor-intensives with relatively lower labor costs. Our gross profit margin for community value-added services decreased during the Track Record Period, primarily due to (i) the increase in bulk purchase and sales of goods for shopping services under our home-living services in six months ended June 30, of 2020, (ii) the increase in the sales of goods for shopping services under our home-living services in 2019, and (iii) the increase in the waste disposal services for construction waste under community management services in 2018, which generally had a lower gross profit margin. Our shopping services under the community value-added services had a lower gross profit margin due to its trade nature. We purchase goods and resell to property owners, residents and other distributors at certain markup. We continue to expand our shopping services, despite its relatively lower gross profit margin, as we aim to expand our customer base by providing a wider selection of products. Our waste disposal services for construction waste had a lower gross profit margin primarily due to the relatively high rental price for garbage trucks, which are specially designed to collect construction waste.

The table below sets forth a breakdown of our total revenue, gross profit and gross profit margin for community value-added services by customer type for the periods indicated:

|                                                                                 | For the year ended December 31, |              |               |             |                |              |               |             |                |              |                |             | For the six months ended June 30, |              |               |             |                |              |               |             |
|---------------------------------------------------------------------------------|---------------------------------|--------------|---------------|-------------|----------------|--------------|---------------|-------------|----------------|--------------|----------------|-------------|-----------------------------------|--------------|---------------|-------------|----------------|--------------|---------------|-------------|
|                                                                                 | 2017                            |              |               |             | 2018           |              |               |             | 2019           |              |                |             | 2019                              |              |               |             | 2020           |              |               |             |
|                                                                                 | Revenue                         |              | Gross Profit  |             | Revenue        |              | Gross Profit  |             | Revenue        |              | Gross Profit   |             | Revenue                           |              | Gross Profit  |             | Revenue        |              | Gross Profit  |             |
|                                                                                 | RMB'000                         | %            | RMB'000       | %           | RMB'000        | %            | RMB'000       | %           | RMB'000        | %            | RMB'000        | %           | RMB'000                           | %            | RMB'000       | %           | RMB'000        | %            | RMB'000       | %           |
| (unaudited)                                                                     |                                 |              |               |             |                |              |               |             |                |              |                |             |                                   |              |               |             |                |              |               |             |
| Community value-added services                                                  |                                 |              |               |             |                |              |               |             |                |              |                |             |                                   |              |               |             |                |              |               |             |
| - Jinke Property Group . . . . .                                                | 853                             | 1.1          | 94            | 11.0        | 3,653          | 2.9          | 427           | 11.7        | 5,901          | 2.5          | 568            | 9.6         | 3,543                             | 3.6          | 428           | 12.1        | 6,564          | 5.2          | 650           | 9.9         |
| - Jinke Property Group's joint ventures and associates <sup>(1)</sup> . . . . . | -                               | -            | -             | -           | 12             | -            | 1             | 11.2        | 196            | 0.1          | 18             | 9.2         | 51                                | 0.1          | 6             | 11.5        | 1,558          | 1.2          | 152           | 9.8         |
| - Independent Third Parties <sup>(2)</sup> . . . . .                            | 75,958                          | 98.9         | 46,091        | 60.7        | 121,799        | 97.1         | 64,152        | 52.7        | 232,506        | 97.4         | 109,417        | 47.1        | 94,583                            | 96.3         | 45,930        | 48.6        | 117,446        | 93.6         | 45,193        | 38.5        |
| <b>Total . . . . .</b>                                                          | <b>76,811</b>                   | <b>100.0</b> | <b>46,185</b> | <b>60.1</b> | <b>125,464</b> | <b>100.0</b> | <b>64,579</b> | <b>51.5</b> | <b>238,603</b> | <b>100.0</b> | <b>110,003</b> | <b>46.1</b> | <b>98,177</b>                     | <b>100.0</b> | <b>46,363</b> | <b>47.2</b> | <b>125,568</b> | <b>100.0</b> | <b>45,995</b> | <b>36.6</b> |

#### *Notes:*

- (1) Refer to joint ventures and associates of Jinke Property Group in which Jinke Property Group did not hold a controlling interest.
- (2) Refer to third-party property developers, property owners and/or residents that were independent of Jinke Property Group.

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During the Track Record Period, the gross profit margins of community value-added services from Independent Third Parties were higher than those of Jinke Property Group and its joint ventures and associates, primarily because (i) the focus of our community value-added services were generally to serve our property owner and residents in our communities and provide a variety of services such as home-living services, community management services, home decorations services and comprehensive living and traveling services, for which we can derive a relatively high gross profit margin, and (ii) our community value-added services provided to Jinke Property Group and its joint ventures and associates were mainly shopping services, which had lower gross profit margin due to its trade nature. We purchase goods and resell the goods at certain markup.

### *Smart living technology solutions*

Gross profit margin for our smart living technology solutions was 67.9%, 48.8%, 48.3%, 48.6% and 48.7%, respectively, for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. The gross profit margin for our smart living technology solutions generally decreased during the Track Record Period, while its revenue grew significantly over the Track Record Period. While we were able to charge higher premiums for first-time installation of software systems and/or technological solutions provided to certain customers in 2017, we derived a relatively lower gross margin in 2018 primarily because we began to sell hardware technology products, such as security cameras for security and car park management systems, which resulted in a lower gross profit margin due to the higher procurement costs for hardware. Our gross profit margin for smart living technology solutions remained relatively stable in 2019 and the first six months of 2020 as our service portfolio was generally in line with that of 2018 and the first six months of 2019, respectively.

The table below sets forth a breakdown of our total revenue, gross profit and gross profit margin for smart community technology solutions by customer type for the periods indicated:

|                                                                                 | For the year ended December 31, |              |              |             |               |              |              |             |               |              |               |             | For the six months ended June 30, |              |              |             |               |              |               |             |         |   |              |   |
|---------------------------------------------------------------------------------|---------------------------------|--------------|--------------|-------------|---------------|--------------|--------------|-------------|---------------|--------------|---------------|-------------|-----------------------------------|--------------|--------------|-------------|---------------|--------------|---------------|-------------|---------|---|--------------|---|
|                                                                                 | 2017                            |              |              |             | 2018          |              |              |             | 2019          |              |               |             | 2019                              |              |              |             | 2020          |              |               |             |         |   |              |   |
|                                                                                 | Revenue                         |              | Gross Profit |             | Revenue       |              | Gross Profit |             | Revenue       |              | Gross Profit  |             | Revenue                           |              | Gross Profit |             | Revenue       |              | Gross Profit  |             | Revenue |   | Gross Profit |   |
|                                                                                 | RMB'000                         | %            | RMB'000      | %           | RMB'000       | %            | RMB'000      | %           | RMB'000       | %            | RMB'000       | %           | RMB'000                           | %            | RMB'000      | %           | RMB'000       | %            | RMB'000       | %           | RMB'000 | % | RMB'000      | % |
| (unaudited)                                                                     |                                 |              |              |             |               |              |              |             |               |              |               |             |                                   |              |              |             |               |              |               |             |         |   |              |   |
| <b>Smart living technology solutions</b>                                        |                                 |              |              |             |               |              |              |             |               |              |               |             |                                   |              |              |             |               |              |               |             |         |   |              |   |
| - Jinke Property Group . . . . .                                                | 6,319                           | 98.7         | 4,300        | 68.0        | 8,583         | 81.1         | 4,238        | 49.4        | 24,199        | 90.0         | 11,785        | 48.7        | 13,199                            | 89.5         | 6,463        | 49.0        | 22,186        | 84.0         | 10,974        | 49.5        |         |   |              |   |
| - Jinke Property Group's joint ventures and associates <sup>(1)</sup> . . . . . | 45                              | 0.7          | 27           | 60.0        | 533           | 5.0          | 250          | 46.9        | 235           | 0.9          | 110           | 46.8        | -                                 | -            | -            | -           | 2,223         | 8.4          | 1,051         | 47.3        |         |   |              |   |
| - Independent Third Parties <sup>(2)</sup> . . . . .                            | 36                              | 0.6          | 21           | 58.3        | 1,476         | 13.9         | 680          | 46.1        | 2,437         | 9.1          | 1,096         | 45.0        | 1,548                             | 10.5         | 710          | 45.9        | 2,019         | 7.6          | 846           | 41.9        |         |   |              |   |
| <b>Total . . . . .</b>                                                          | <b>6,400</b>                    | <b>100.0</b> | <b>4,348</b> | <b>67.9</b> | <b>10,592</b> | <b>100.0</b> | <b>5,168</b> | <b>48.8</b> | <b>26,871</b> | <b>100.0</b> | <b>12,991</b> | <b>48.3</b> | <b>14,747</b>                     | <b>100.0</b> | <b>7,173</b> | <b>48.6</b> | <b>26,428</b> | <b>100.0</b> | <b>12,871</b> | <b>48.7</b> |         |   |              |   |

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*Notes:*

- (1) Refer to joint ventures and associates of Jinke Property Group in which Jinke Property Group did not hold a controlling interest.
- (2) Refer to third-party property developers, property owners and/or residents that were independent of Jinke Property Group.

During the Track Record Period, our gross profit margins of Jinke Property Group, Jinke Property Group's joint ventures and associates and Independent Third Parties for smart living technology solutions remain a relatively equivalently high level, primarily due to the fact that the provision of smart living technology solutions is less labor-intensive and the prevailing market prices for such services are generally and relatively high as compared to other property management services.

### **Other Income**

Our other income primarily consists of (i) interest income relating to amounts due from Jinke Property Group, see “—Prepayment and Other Receivables—Other Receivables,” (ii) government grants, and (iii) value-added tax deductible for service providers. The increase in our other income from 2018 to 2019 was primarily due to the increase in our interest income relating to amounts due from Jinke Property Group and one-off government grants received from Chongqing government in 2019 for creating local job opportunities. The increase in our other income in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 was primarily due to (i) the increase in government grants from COVID-19 relief grants and for creating local jobs, and (ii) the increase in value-added tax deductible as a result of the increase in input tax deductible as prescribed under the relevant PRC value-added tax reform regulation. As of the Latest Practicable Date, we had fully settled the ABS and ABN financing arrangements with Jinke Property Group. Please see “Financial Information—Indebtedness—Borrowings” for further discussion. Upon such settlement, we ceased to receive significant amount of interest income from related parties. Government grants were also non-recurring in nature. Please see “Risk Factors—Risks Relating to Our Business and Industry—There is no assurance that we will receive government grants or interest income from loans to related parties in the future” for further discussion.

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The following table sets forth a breakdown of our other income for the periods indicated:

|                                | For the year ended December 31, |                |                | For the six months ended June 30, |                |
|--------------------------------|---------------------------------|----------------|----------------|-----------------------------------|----------------|
|                                | 2017                            | 2018           | 2019           | 2019                              | 2020           |
|                                | <i>RMB'000</i>                  | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>                    | <i>RMB'000</i> |
|                                |                                 |                |                | <i>(unaudited)</i>                |                |
| Interest income . . . . .      | –                               | –              | 26,799         | 13,930                            | 15,281         |
| Government grants . . . . .    | 3,433                           | 3,330          | 20,782         | 1,462                             | 3,609          |
| Value-added tax deductible . . | –                               | –              | 4,565          | 1,163                             | 3,771          |
| <b>Total. . . . .</b>          | <b>3,433</b>                    | <b>3,330</b>   | <b>52,146</b>  | <b>16,555</b>                     | <b>22,661</b>  |

### Other Net Gains/(Losses)

Our other net gains/(losses) primarily consist of (i) gains/(losses) on disposal of other assets, including car parks, (ii) re-measurement gains on investment in a joint venture, (iii) losses on disposal of property, plant and equipment, (iv) gains on disposal of subsidiaries, (v) net fair value gains on financial assets at fair value through profit or loss and (vi) others.

The following table sets forth a breakdown of our other net gains/(losses) for the periods indicated:

|                                                                                         | For the year ended December 31, |                |                | For the six months ended June 30, |                |
|-----------------------------------------------------------------------------------------|---------------------------------|----------------|----------------|-----------------------------------|----------------|
|                                                                                         | 2017                            | 2018           | 2019           | 2019                              | 2020           |
|                                                                                         | <i>RMB'000</i>                  | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>                    | <i>RMB'000</i> |
|                                                                                         |                                 |                |                | <i>(unaudited)</i>                |                |
| Gain on disposal of subsidiaries. . . . .                                               | 1,250                           | 78             | –              | –                                 | (1,242)        |
| Remeasurement gains on investment in a joint venture. . . . .                           | –                               | –              | 160            | –                                 | (71)           |
| Net fair value gains on financial assets at fair value through profit or loss . . . . . | 254                             | 52             | –              | –                                 | –              |
| Losses on disposal of property, plant and equipment. . . . .                            | (204)                           | (137)          | (167)          | (46)                              | (44)           |
| (Losses)/gains on disposal of other assets. . . . .                                     | (539)                           | (954)          | 1,894          | 597                               | 1,538          |
| Others . . . . .                                                                        | (724)                           | 364            | 61             | 505                               | 430            |
| <b>Total. . . . .</b>                                                                   | <b>37</b>                       | <b>(597)</b>   | <b>1,948</b>   | <b>1,056</b>                      | <b>611</b>     |

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### Selling and Marketing Expenses

Our selling and marketing expenses mainly include (i) employee benefit expenses relating to sales and marketing activities, representing 81.4%, 82.1%, 94.2%, 92.4% and 90.1% of our total selling and marketing expenses for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively, (ii) operating lease payments and (iii) others, including mainly traveling and entertainment expenses, advertising expenses and office expenses relating to sales and marketing activities. Our selling and marketing expense increased from RMB1.7 million in 2017 to RMB3.6 million in 2018 primarily due to employee benefit expenses relating to sales and marketing activities as a result of our continuous business expansion. Our selling and marketing expenses decreased to RMB3.0 million in 2019. In addition, our selling and marketing expenses decreased to RMB0.7 million in the first half of 2020 from RMB1.5 million in the same period in 2019 mainly due to a decrease in employee benefit expenses relating to sales and marketing activities as we optimized our sales staff structure in the first half of 2020 as a result of COVID-19 pandemic.

### Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses for our administrative staff, (ii) traveling and entertainment expenses, (iii) office expenses, (iv) bank charge, which mainly include transaction fees charged by banks, (v) depreciation and amortization, (vi) research expenses in developing our smart living technology solutions and (vii) others, which mainly include consultancy service fees, recruiting costs and advertising expenses. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our administrative expenses were RMB148.0 million, RMB185.8 million, RMB233.4 million, RMB91.9 million and RMB89.9 million, respectively.

The table below sets forth a breakdown of our administrative expenses for the periods indicated:

|                                                | For the year ended December 31, |                |                | For the six months ended June 30, |               |
|------------------------------------------------|---------------------------------|----------------|----------------|-----------------------------------|---------------|
|                                                | 2017                            | 2018           | 2019           | 2019                              | 2020          |
|                                                | RMB'000                         | RMB'000        | RMB'000        | RMB'000                           | RMB'000       |
|                                                |                                 |                |                | (unaudited)                       |               |
| Employee benefit expenses. . .                 | 111,545                         | 131,833        | 186,207        | 74,094                            | 67,950        |
| Traveling and entertainment expenses. . . . .  | 10,545                          | 10,093         | 10,123         | 3,900                             | 3,467         |
| Office expenses . . . . .                      | 5,371                           | 10,609         | 7,176          | 3,491                             | 3,293         |
| Bank charges . . . . .                         | 2,987                           | 4,571          | 6,786          | 2,961                             | 4,358         |
| Depreciation and amortization charges. . . . . | 3,730                           | 5,367          | 5,954          | 3,052                             | 3,033         |
| Research expenses . . . . .                    | 656                             | 874            | 3,183          | 743                               | 3,186         |
| Others <sup>(1)</sup> . . . . .                | 13,168                          | 22,468         | 13,961         | 3,637                             | 4,653         |
| <b>Total. . . . .</b>                          | <b>148,002</b>                  | <b>185,815</b> | <b>233,390</b> | <b>91,878</b>                     | <b>89,940</b> |

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*Note:*

- (1) Primarily include advertising expenses, recruiting costs, operating lease payments, consultancy fees, audit services, greening and cleaning expenses and other miscellaneous expenses.

### Net Impairment Losses on Financial Assets

Our net impairment losses of financial assets primarily are provisions for losses arising from potential bad debts in respect of our trade receivables and other receivables in the ordinary course of business. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recorded impairment losses on financial assets of RMB0.3 million, RMB1.0 million, RMB4.0 million, RMB3.3 million and RMB2.3 million, respectively. Our net impairment losses on financial assets increased from RMB0.3 million in 2017 to RMB1.0 million in 2018, and further to RMB4.0 million in 2019, primarily due to the increase in trade receivables. The decrease in our net impairment losses on financial asset in the six months ended June 30, 2020 as compared to the same period in 2019 was primarily due to the settlement of certain long outstanding other receivables. Please see “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, residents and property developers which could incur impairment losses on our trade receivables” for more information.

### Finance Income/(Cost), Net

In 2017 and 2019 and for the six months ended June 30, 2019 and 2020, we recorded net finance income of RMB2.3 million, RMB0.8 million, RMB0.5 million and RMB1.1 million, respectively. In 2018, we recorded net finance cost of RMB5.5 million.

The following table sets forth a breakdown of our net finance income/(costs) for the periods indicated:

|                                                                           | For the year ended December 31, |                |                | For the six months ended June 30, |               |
|---------------------------------------------------------------------------|---------------------------------|----------------|----------------|-----------------------------------|---------------|
|                                                                           | 2017                            | 2018           | 2019           | 2019                              | 2020          |
|                                                                           | RMB'000                         | RMB'000        | RMB'000        | RMB'000                           | RMB'000       |
|                                                                           |                                 |                |                | (unaudited)                       |               |
| Finance income . . . . .                                                  |                                 |                |                |                                   |               |
| Interest income from bank deposits . . . . .                              | 2,412                           | 1,864          | 1,175          | 656                               | 1,190         |
| Interest income from advances to related parties <sup>(1)</sup> . . . . . | 107,319                         | 154,324        | 159,556        | 84,221                            | 62,183        |
| Subtotal . . . . .                                                        | <u>109,731</u>                  | <u>156,188</u> | <u>160,731</u> | <u>84,877</u>                     | <u>63,373</u> |



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|                                                         | For the year ended December 31, |                       |                   | For the six months ended June 30, |                     |
|---------------------------------------------------------|---------------------------------|-----------------------|-------------------|-----------------------------------|---------------------|
|                                                         | 2017                            | 2018                  | 2019              | 2019                              | 2020                |
|                                                         | <i>RMB'000</i>                  | <i>RMB'000</i>        | <i>RMB'000</i>    | <i>RMB'000</i>                    | <i>RMB'000</i>      |
|                                                         |                                 |                       |                   | <i>(unaudited)</i>                |                     |
| Finance costs                                           |                                 |                       |                   |                                   |                     |
| Interest expense on borrowings <sup>(2)</sup> . . . . . | (107,364)                       | (161,377)             | (159,701)         | (84,281)                          | (62,183)            |
| Interest expense of lease liabilities . . . . .         | (75)                            | (281)                 | (261)             | (139)                             | (100)               |
| Subtotal . . . . .                                      | <u>(107,439)</u>                | <u>(161,658)</u>      | <u>(159,962)</u>  | <u>(84,420)</u>                   | <u>(62,283)</u>     |
| <b>Total . . . . .</b>                                  | <b><u>2,292</u></b>             | <b><u>(5,470)</u></b> | <b><u>769</u></b> | <b><u>457</u></b>                 | <b><u>1,090</u></b> |

*Notes:*

- (1) Please see “—Description of Certain Consolidated Statements of Financial Position Items—Prepayment and Other Receivables—Other Receivables” for more information on advances to related parties.
- (2) Please see “—Indebtedness—Borrowings” in this section for more information on ABS and ABN arrangements.

### Income Tax Expenses

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our effective income tax rates, calculated as income tax expenses divided by profit before tax, were approximately 16.5%, 17.1%, 16.8%, 16.8% and 17.0%, respectively. Certain members of our Group located in the western parts of the PRC which benefitted from the preferential income tax rate of 15.0% during the Track Record Period pursuant to the Notice Regarding the Tax Policies Relating to the Strategy of Further Developing the Western Region of China jointly issued by the NDRC, SAT and the Ministry of Finance in 2011, and one of our subsidiaries in the PRC enjoyed the preferential income tax rate of 15.0% as a new and high-technology enterprise for 2019, pursuant to the Measures for New and High-Technology Enterprises issued by the Ministry of Technology, Ministry of Finance and SAT in 2016. Please see “Regulatory Overview—Tax Laws and Regulations—Income Tax” for more information on these tax policies. The rest of our subsidiaries in the PRC were subject to the statutory income tax rate of 25.0% for the Track Record Period. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the tax we paid amounted to RMB46.9 million, RMB10.7 million, RMB34.1 million, RMB29.7 million and RMB76.2 million, respectively.

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### RESULTS OF OPERATIONS

#### Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

##### *Revenue*

Despite the effect of COVID-19 during the first half 2020, our total revenue increased by 36.2% from RMB1,005.3 million in the six months ended June 30, 2019 to RMB1,369.6 million in the six months ended June 30, 2020, primarily due to the growth in revenue generated from each of our four business lines as discussed below:

- *Property management services.* Our revenue from property management services increased by 38.9% from RMB666.0 million in the six months ended June 30, 2019 to RMB925.4 million in the six months ended June 30, 2020, primarily due to the increase in our total GFA under management, which increased from approximately 102.9 million sq.m. as of June 30, 2019 to approximately 129.7 million sq.m. as of June 30, 2020 as a result of our continuous business expansion.
- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 29.1% from RMB226.4 million in the six months ended June 30, 2019 to RMB292.2 million in the six months ended June 30, 2020, primarily due to our business expansion which resulted in the increases in (i) revenue generated from sales assistance services due to increases in the pre-sales activities for properties developed by Jinke Property Group and Independent Third Parties; and (ii) revenue generated from our pre-delivery services, as a result of increased delivery of properties developed by Jinke Property Group.
- *Community value-added services.* Our revenue from community value-added services increased by 27.9% from RMB98.2 million in the six months ended June 30, 2019 to RMB125.6 million in the six months ended June 30, 2020, primarily due to the increases in revenue derived from shopping services under our home-living services.
- *Smart living technology solutions.* Our revenue from smart living technology solutions increased significantly to RMB26.4 million in the six months ended June 30, 2020 from RMB14.7 million in the six months ended June 30, 2019, primarily due to the wider implementation of the Home-Life system (生命家系統) in sales office where we provide sales assistance services. The Home-Life system (生命家系統) is a smart system demonstrating our property management standard to potential property purchasers, and in general has a relatively high sales price.

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### *Cost of sales*

Our total cost of sales increased by 28.7% to RMB936.6 million in the six months ended June 30, 2020 from RMB727.8 million in the six months ended June 30, 2019, primarily due to the increases in greening and cleaning expenses, security charges and utility cost as a result of our continued business expansion and the increase in cost of goods sold as a result of our expansion of home-living services under community value-added services. Our employee benefit expenses remained stable as we were granted social insurance contribution exemption between February and June 2020 by the Ministry of Human Resources and Social Security and local governmental authorities as COVID-19 relief measures. Our cost of sales increased at a rate slower than our revenue, primarily due to our effective cost control measures and cost savings from social insurance contribution exemption between February and June 2020.

### *Gross profit and gross profit margin*

As a result of the foregoing, our total gross profit increased by 56.0% from RMB277.5 million in the six months ended June 30, 2019 to RMB433.0 million in the six months ended June 30, 2020, primarily due to our continued business expansion and effective cost control measures. Our gross profit margin increased from 27.6% in the six months ended June 30, 2019 to 31.6% in the six months ended June 30, 2020, primarily due to the increase in revenue from our property management services.

- *Property management services.* Our gross profit margin for property management services increased from 22.3% in the six months ended June 30, 2019 to 27.8% in the six months ended June 30, 2020, primarily due to (i) the increase in the percentage of our revenue derived from some of the non-residential properties, which had a higher margin; (ii) the increase in our revenue from parking lot management fee, as our parking lot management fee for residential properties under our management increased on average in the first half of 2020; (iii) the fact that we received certain social insurance contribution exemptions for our employees from local governments as part of the COVID-19 pandemic relief measures which helped to keep our employee benefits expenses low in the first half of 2020; and (iv) the increased GFA in residential properties were mainly for mid- to high-end properties in the first half of 2020, which in general has a higher unit service price.
- *Value-added services to non-property owners.* Our gross profit margin for value-added services to non-property owners increased from 33.4% in the six months ended June 30, 2019 to 39.9% in the six months ended June 30, 2020, primarily due to the decrease in employee benefit expenses as a result of (i) social insurance contribution exemption granted by the Ministry of Human Resources and Social Security and local governmental authorities as COVID-19 relief measures between February and June 2020 and (ii) the decrease in onsite pre-sales supporting staff due to the COVID-19 prevention requirements.

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- *Community value-added services.* Our gross profit margin for community value-added services decreased from 47.2% in the six months ended June 30, 2019 to 36.6% in the six months ended June 30, 2020 primarily due to the increase in the sales of goods for shopping services under our home-living services in the first six months of 2020, which generally had a lower gross profit margin.
- *Smart living technology solutions.* Our gross profit margin for smart living technology solutions remained relatively stable in the six months ended June 30, 2020 as compared to the same period of 2019.

### ***Other income***

Our other income increased from RMB16.6 million in the six months ended June 30, 2019 to RMB22.7 million in the six months ended June 30, 2020, primarily due to (i) the increase in government grants from COVID-19 relief grants and for creating local jobs, and (ii) the increase in value-added tax deductible as a result of the increase in input tax deductible as prescribed under relevant PRC value-added tax reform regulation.

### ***Other net gains/(losses)***

We recorded other net gains of RMB0.6 million in the six months ended June 30, 2020 as compared to other net gains of RMB1.1 million in the six months ended June 30, 2019, primarily due to gains from the disposal of certain car parks in Chongqing in 2019.

### ***Selling and marketing expenses***

Our selling and marketing expenses decreased by 52.5% to RMB0.7 million in the six months ended June 30, 2020 from RMB1.5 million in the six months ended June 30, 2019, primarily due to the decrease in employee benefit expenses relating to sales and marketing activities to RMB0.6 million in the six months ended June 30, 2020 from RMB1.3 million in the six months ended June 30, 2019, as we optimized our sales staff structure in the first half of 2020 as a result of COVID-19 pandemic.

### ***Administrative expenses***

Despite a growth in our revenue, our administrative expenses decreased by 2.2% from RMB91.9 million in the six months ended June 30, 2019 to RMB89.9 million in the six months ended June 30, 2020, primarily due to (i) a decrease in employee benefit expenses for our administrative staff as a result of social insurance contribution exemption granted by the Ministry of Human Resources and Social Security and local governmental authorities as COVID-19 relief measures between February and June 2020, (ii) a decrease in traveling and entertainment expenses due to the decrease in traveling activities as a result of COVID-19 pandemic, and (iii) our depreciation and amortization charges remained stable as there was no material changes in the assets and software used for our administrative offices in the first half of 2020.

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### *Net impairment losses of financial assets*

Our net impairment losses of financial assets decreased from RMB3.3 million in the six months ended June 30, 2019 to RMB2.3 million in the six months ended June 30, 2020, primarily due to the settlement of certain long outstanding other receivables.

### *Finance income/(cost), net*

We recorded net finance income of RMB1.1 million in the six months ended June 30, 2020 as compared to RMB0.5 million in the six months ended June 30, 2019, primarily due to the increase in interest income from bank deposits.

### *Income tax expenses*

Our income tax expenses increased significantly to RMB61.9 million in the six months ended June 30, 2020 from RMB33.4 million in the six months ended June 30, 2019, primarily due to our increased profit before tax.

### *Profit for the period*

As a result of the foregoing, our profit for the period increased significantly from RMB165.6 million in the six months ended June 30, 2019 to RMB302.5 million in the six months ended June 30, 2020.

## **Year Ended December 31, 2019 Compared to Year Ended December 31, 2018**

### *Revenue*

Our total revenue increased by 52.7% from RMB1,523.9 million in 2018 to RMB2,327.7 million in 2019, primarily due to the growth in revenue generated from each of our four business lines as discussed below:

- *Property management services.* Our revenue from property management services increased by 43.7% from RMB1,020.3 million in 2018 to RMB1,465.8 million in 2019, primarily due to the increase in (i) our total GFA under management, which increased from approximately 89.7 million sq.m. as of December 31, 2018 to approximately 120.5 million sq.m. as of December 31, 2019 due to our continuous business expansion, and (ii) the increase in average property management fee for residential properties from RMB2.1 per sq.m. per month in 2018 to RMB2.2 per sq.m. per month in 2019.
- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 62.3% from RMB367.5 million in 2018 to RMB596.4 million in 2019, primarily due to our business expansion which resulted in the increases in (i) revenue generated from sales assistance services due

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to increases in the pre-sales activities for properties developed by Jinke Property Group and Independent Third Parties and (ii) revenue generated from our pre-delivery services, as a result of increased delivery of properties developed by Jinke Property Group.

- *Community value-added services.* Our revenue from community value-added services increased by 90.2% from RMB125.5 million in 2018 to RMB238.6 million in 2019, primarily due to our overall business expansion and diversified property management services, in particular due to the increases in the revenue derived from home-living services, such as shopping services, online agency services and tourism services, and the increase in revenue derived from home-decoration services.
- *Smart living technology solutions.* Our revenue from smart living technology solutions increased significantly to RMB26.9 million in 2019 from RMB10.6 million in 2018, primarily due to the expansion of our service and product scope, such as smart solutions that we develop for providing property management services to third-party property management companies.

### ***Cost of sales***

Our total cost of sales increased by 49.3% to RMB1,692.0 million in 2019 from RMB1,133.1 million in 2018, primarily due to the increases in employee benefit expenses as a result of our continued business expansion. Our cost of sales increased at a rate slower than our revenue, primarily due to our effective cost control measures and the utilization of technological solutions in the provision of our property management services.

### ***Gross profit and gross profit margin***

As a result of the foregoing, our total gross profit increased by 62.6% from RMB390.8 million in 2018 to RMB635.7 million in 2019, primarily due to our continued business expansion and effective cost control measures. Our gross profit margin increased from 25.6% in 2018 to 27.3% in 2019, primarily due to the increase in revenue from our property management services.

- *Property management services.* Our gross profit margin for property management services increased from 19.7% in 2018 to 21.7% in 2019, primarily due to (i) the increase in the average property management fee from RMB2.1 per sq.m. per month in 2018 to RMB2.2 per sq.m. per month in 2019, as a result of the increase in average property management fee of our newly delivered properties; (ii) an increase in the percentage of our revenue derived from non-residential properties, which had a relatively higher gross profit margin; and (iii) the improvement of our cost control measures and greater economies of scale brought by our business expansion.

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- *Value-added services to non-property owners.* Our gross profit margin for value-added services to non-property owners slightly decreased from 32.8% in 2018 to 32.5% in 2019, primarily due to the increase in labor cost as a result of the labor cost inflation and our efforts to improve the quality of our value-added services to non-property owners, such as sales assistance services for which property developers may have tailored service demands for pre-sales of high-quality properties.
- *Community value-added services.* Our gross profit margin for community value-added services decreased from 51.5% in 2018 to 46.1% in 2019 primarily due to the increase in the sales of goods for shopping services under our home-living services in 2019, which generally had a lower gross profit margin.
- *Smart living technology solutions.* Our gross profit margin for community value-added services remained relatively stable in 2019 as compared to 2018.

### ***Other income***

Our other income increased significantly from RMB3.3 million in 2018 to RMB52.1 million in 2019, primarily due to the increase in interest income relating to amounts due from Jinke Property Group and government grants awarded by Chongqing government under a new policy in 2019 which awarded local companies for creating jobs.

### ***Other net gains/(losses)***

We recorded other net gains of RMB1.9 million in 2019 as compared to other losses of RMB0.6 million in 2018, primarily due to gains from the disposal of certain car parks in Chongqing in 2019.

### ***Selling and marketing expenses***

Our selling and marketing expenses decreased by 16.5% to RMB3.0 million in 2019 from RMB3.6 million in 2018, primarily due to the decrease in employee benefit expenses relating to sales and marketing activities to RMB2.8 million in 2019 from RMB3.0 million in 2018, as a result of our effective cost control measures.

### ***Administrative expenses***

Our administrative expenses increased by 25.6% from RMB185.8 million in 2018 to RMB233.4 million in 2019, primarily due to (i) an increase in employee benefit expenses for our administrative staff as a result of our continuous business expansion and (ii) an increase in research expenses due to our investment in the research and development of smart living technology solutions. Our administrative expenses increased to 2019 from 2018 at a rate slower than that of our revenue, primarily because (i) there was no substantial increase in the salary level of our administrative staff for these two years, given that there was limited turnover rate



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among our administrative staff and the general salary level remained relatively stable; (ii) we generally benefited from economies of scales due to our business expansion; (iii) our traveling expenses for our administrative staff also stayed stable as we have a large number of regional offices in the PRC and generally deploy administrative staff to local projects on an as-needed basis from the closest regional office, which helped to save such costs; and (iv) we adopted effective cost control measures, such as technological solutions, to reduce our office expenses and other costs, such as software systems for meetings and recruiting management.

### *Net impairment losses of financial assets*

Our net impairment losses of financial assets increased significantly from RMB1.0 million in 2018 to RMB4.0 million in 2019, primarily due to the continuous increase in our total trade receivables, which was in line with our business growth.

### *Finance income/(cost), net*

We recorded net finance income of RMB0.8 million in 2019 as compared net finance cost of RMB5.5 million in 2018, primarily due to the interest income received from advances to certain subsidiaries of Jinke Property Group in relation to ABS and ABN in the amount of RMB159.6 million in 2019 as compared to the amount of RMB154.3 million in 2018.

### *Income tax expenses*

Our income tax expenses increased significantly to RMB75.7 million in 2019 from RMB33.7 million for 2018, primarily due to our increased profit before tax.

### *Profit for the year*

As a result of the foregoing, our profit for the year increased significantly from RMB163.9 million in 2018 to RMB374.4 million in 2019.

## **Year Ended December 31, 2018 Compared to Year Ended December 31, 2017**

### *Revenue*

Our total revenue increased by 45.5% to RMB1,523.9 million in 2018 from RMB1,047.0 million in 2017, primarily due to the increases in revenue generated from our property management services and value-added services to non-property owners.

- *Property management services.* Our revenue from property management services increased by 34.1% to RMB1,020.3 million in 2018 from RMB760.9 million in 2017, primarily due to the increase in our total GFA under management from 62.4 million sq.m. as of December 31, 2017 to 89.7 million sq.m. as of December 31, 2018, as a result of our business expansion.

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- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 81.1% to RMB367.5 million in 2018 from RMB202.9 million in 2017, primarily due to the increase in (i) revenue generated from sales assistance services due to the increase in the pre-sales activities for properties developed by Jinke Property Group and (ii) pre-delivery services as a result of the increased delivery of properties developed by Jinke Property Group in 2018.
- *Community value-added services.* Our revenue from community value-added services increased by 63.3% to RMB125.5 million in 2018 from RMB76.8 million in 2017, primarily due to (i) the revenue derived from home-living services, such as shopping services, online agency services and tourism services, resulting from the increased demand from our serviced property owners and residents, and (ii) the revenue generated from home-decoration services as a result of the increase in properties under our management.
- *Smart living technology solutions.* Our revenue from smart living technology solutions increased by 65.5% to RMB10.6 million in 2018 from RMB6.4 million in 2017, primarily due to the commencement of our sales of hardware technology products, such as security cameras and intelligent access control systems, as part of our service offerings for smart living technology solutions in 2018.

### ***Cost of sales***

Our total cost of sales increased by 47.8% to RMB1,133.1 million in 2018 from RMB766.5 million in 2017, primarily due to the increases in the employee benefit expenses, green and cleaning expenses and maintenance costs, all as a result of our business expansion and our efforts to improve our service quality to meet our customers' evolving demands.

### ***Gross profit and gross profit margin***

As a result of the foregoing, our total gross profit increased by 39.3% from RMB280.5 million in 2017 to RMB390.8 million in 2018, primarily due to the increases in the gross profits from our property management services and value-added services to non-property owners as a result of our successful implementation of cost control measures to sub-contract labor-intensive tasks for property management services to sub-contractors and overall business expansion. Our gross profit margin decreased from 26.8% in 2017 to 25.6% in 2018, primarily due to (i) the lower gross profit margin of our property management services to the newly delivered properties developed by third parties in 2018, which generally had lower average property management fees than our existing projects and (ii) the decrease in the gross profit margin of our community value-added services from 2017 to 2018, which was primarily due to the increase in shopping and waste disposal services for construction waste in 2018 compared to 2017 which generally had a lower gross profit margin than other community value-added services.

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- *Property management services.* Our gross profit margin for property management services decreased slightly from 21.3% in 2017 to 19.7% in 2018, primarily because (i) our property management fees decreased from RMB2.2 per sq.m. per month in 2017 to RMB2.1 per sq.m. per month in 2018, which was mainly due to an increase in the percentage of revenue derived from certain properties developed by third parties, for which we charged relatively lower property management fees; and (ii) our average labor cost increased as a result of an increase in labor demand.
- *Value-added services to non-property owners.* Our gross profit margin for value-added services to non-property owners decreased from 33.7% in 2017 to 32.8% in 2018, primarily due to the increase in labor cost as a result of the labor cost inflation and our efforts to improve the quality of our value-added services to non-property owners, such as sales assistance services for which property developers may have tailored service demands for pre-sales of high-quality properties.
- *Community value-added services.* Our gross profit margin for community value-added services decreased from 60.1% in 2017 to 51.5% in 2018, primarily due to the increase in sales of goods under home-living services and waste disposal services for construction waste under community management services in 2018 compared to 2017 which generally had a relatively lower gross profit margin.
- *Smart living technology solutions.* Our gross profit margin for community value-added services decreased from 67.9% in 2017 to 48.8% in 2018, due to the fact that we began to sell hardware technology products, such as security cameras, for security and car park management systems in 2018, which had a relatively low gross profit margin given higher procurement costs.

### ***Other income***

Our other income decreased slightly by 3.0% from RMB3.4 million in 2017 to RMB3.3 million in 2018, primarily due to a slight decrease in government grants received by us as compared to that of 2017 in 2018.

### ***Other net gains/(losses)***

We recorded other net losses of RMB597,000 in 2018 as compared to other net gains of RMB37,000 in 2017. Our other losses were primarily due to losses from disposal of certain car parks.

### ***Selling and marketing expenses***

Our selling and marketing expenses increased to RMB3.6 million in 2018 from RMB1.7 million in 2017, primarily due to employee benefit expense relating to sales and marketing activities as a result of our continuous business expansion.

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### *Administrative expenses*

Our administrative expenses increased by 25.5% to RMB185.8 million in 2018 from RMB148.0 million in 2017, primarily due to an increase in employee benefit expenses for our administrative staff and office expenses as a result of our continuous business expansion. Our administrative expenses increased at a rate slower than our revenue, primarily because (i) there was a slight increase in the general salary level; (ii) no material increases in our traveling expenses due to our expansiveness of our regional office network and increasing use of video conference software instead of hosting in-person meetings; and (iii) limited increases in depreciation and amortization charges to 2018 from 2017 as we purchased new office software and equipment.

### *Net impairment losses of financial assets*

Our net impairment losses of financial assets increased to RMB1.0 million in 2018 from RMB0.3 million in 2017, primarily due to the continuous increase in our total trade receivables in line with our business growth.

### *Finance income/(cost), net*

We recorded net finance cost of RMB5.5 million in 2018 as compared to net finance income of RMB2.3 million in 2017, primarily due to a decrease in interest income from our bank deposits in 2018 and the interests incurred for our interest-bearing borrowings as a result of the issuance of ABN in 2018. Please see “—Indebtedness—Borrowings” in this section for more information.

### *Income tax expenses*

Our income tax expenses increased significantly to RMB33.7 million in 2018 from RMB22.5 million for 2017, primarily due to our increased profit before tax.

### *Profit for the year*

As a result of the foregoing, our profit for the year increased by 44.2% from RMB113.7 million in 2017 to RMB163.9 million in 2018.

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### DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our Consolidated Statements of Financial Position as of the dates indicated:

|                                                                    | As of December 31, |                  |                  | As of<br>June 30, |
|--------------------------------------------------------------------|--------------------|------------------|------------------|-------------------|
|                                                                    | 2017               | 2018             | 2019             | 2020              |
|                                                                    | <i>RMB'000</i>     | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>    |
| <b>Non-current assets</b>                                          |                    |                  |                  |                   |
| Intangible assets . . . . .                                        | 3,652              | 3,394            | 5,017            | 6,466             |
| Deferred income tax assets . . . . .                               | 5,129              | 7,327            | 8,080            | 6,575             |
| Property, plant and equipment . . . . .                            | 27,580             | 34,272           | 33,089           | 29,808            |
| Other receivables . . . . .                                        | 780,000            | 1,830,000        | 1,145,000        | —                 |
| Investment in joint ventures . . . . .                             | —                  | —                | 160              | 3,898             |
| <b>Total non-current assets . . . . .</b>                          | <b>816,361</b>     | <b>1,874,993</b> | <b>1,191,346</b> | <b>46,747</b>     |
| <b>Current assets</b>                                              |                    |                  |                  |                   |
| Inventories . . . . .                                              | 2,864              | 4,871            | 5,826            | 8,338             |
| Trade and bill and other<br>receivables and prepayments . . . . .  | 1,076,420          | 1,741,861        | 2,487,877        | 2,849,913         |
| Cash and cash equivalents . . . . .                                | 482,930            | 416,303          | 333,149          | 843,244           |
| Financial assets at fair value<br>through profit or loss . . . . . | 9,720              | —                | —                | —                 |
| Restricted cash . . . . .                                          | 1,400              | 1,427            | 1,455            | 364               |
| Other assets . . . . .                                             | 100,274            | 86,063           | 74,240           | 64,742            |
| <b>Total current assets . . . . .</b>                              | <b>1,673,608</b>   | <b>2,250,525</b> | <b>2,902,547</b> | <b>3,766,601</b>  |
| <b>Current liabilities</b>                                         |                    |                  |                  |                   |
| Borrowings . . . . .                                               | 300,000            | 500,000          | 685,000          | 1,495,000         |
| Trade and bill and other payables . . . . .                        | 991,095            | 1,222,649        | 1,398,409        | 649,414           |
| Current income tax liabilities . . . . .                           | 131                | 21,794           | 64,488           | 49,752            |
| Contract liabilities . . . . .                                     | 162,071            | 219,460          | 291,202          | 325,736           |
| Lease liabilities . . . . .                                        | 250                | 1,708            | 1,331            | 1,177             |
| <b>Total current liabilities . . . . .</b>                         | <b>1,453,547</b>   | <b>1,965,611</b> | <b>2,440,430</b> | <b>2,521,079</b>  |

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|                                                         | As of December 31, |                  |                  | As of<br>June 30, |
|---------------------------------------------------------|--------------------|------------------|------------------|-------------------|
|                                                         | 2017               | 2018             | 2019             | 2020              |
|                                                         | <i>RMB'000</i>     | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>    |
| <b>Non-current liabilities</b>                          |                    |                  |                  |                   |
| Borrowings . . . . .                                    | 780,000            | 1,830,000        | 1,145,000        | –                 |
| Deferred income tax liabilities . . .                   | 414                | 682              | 942              | 518               |
| Lease liabilities . . . . .                             | 961                | 3,298            | 2,526            | 1,943             |
| <b>Total non-current liabilities . . . .</b>            | <b>781,375</b>     | <b>1,833,980</b> | <b>1,148,468</b> | <b>2,461</b>      |
| <b>Net assets . . . . .</b>                             | <b>255,047</b>     | <b>325,927</b>   | <b>504,995</b>   | <b>1,289,808</b>  |
| <b>Equity attributable to owners of<br/>the Company</b> |                    |                  |                  |                   |
| Other reserves . . . . .                                | 77,550             | 77,550           | 25,000           | 453,753           |
| Retained earnings . . . . .                             | 122,875            | 187,900          | 407,700          | 301,178           |
| Paid-in capital/share capital . . . . .                 | 50,000             | 50,000           | 50,000           | 500,000           |
|                                                         | 250,425            | 315,450          | 482,700          | 1,254,931         |
| Non-controlling interests . . . . .                     | 4,622              | 10,477           | 22,295           | 34,877            |
| <b>Total equity . . . . .</b>                           | <b>255,047</b>     | <b>325,927</b>   | <b>504,995</b>   | <b>1,289,808</b>  |

### Intangible Assets

Our intangible assets primarily consist of software. Our intangible assets remained relatively stable at RMB3.7 million and RMB3.4 million as of December 31, 2017 and 2018, respectively. Our intangible assets increased from RMB3.4 million as of December 31, 2018 to RMB5.0 million as of December 31, 2019 and further increased to RMB6.5 million as of June 30, 2020, primarily due to the increase in our self-developed software, as a result of our continuous efforts to research and develop software aimed at providing technological solutions.

### Property, Plant and Equipment

Our property, plant and equipment mainly consist of construction in progress, right-of-use assets and other fixed assets. Our property, plant and equipment was RMB27.6 million, RMB34.3 million, RMB33.1 million and RMB29.8 million as of December 31, 2017, 2018, 2019 and June 30, 2020, respectively. Our property, plant and equipment increased from 2017 to 2018, primarily due to the increase in our right-of-use assets relating to the leases for certain new office premises from 2017 to 2018 and an increase in construction in progress relating to

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the decoration of our offices in Chongqing in 2018. Our property, plant and equipment decreased slightly from 2018 to 2019, primarily due to the decrease in our right-of-use assets as a result of the depreciation of our previously held right-of-use assets in 2019. Our property, plant and equipment further decreased to RMB29.8 million as of June 30, 2020, primarily due to the depreciation of our equipment in the first six months of 2020.

### Investment in Joint Ventures

Our investment in joint ventures increased from RMB0.2 million as of December 31, 2019 to RMB3.9 million as of June 30, 2020 primarily due to our investment in the newly established joint ventures in Anhui for property management services and Chongqing for community value-added services.

### Inventories

Our inventories mainly consist of consumable and merchandized goods for our shopping services under the community value-added services. Our inventories were RMB2.9 million, RMB4.9 million, RMB5.8 million and RMB8.3 million as of December 31, 2017, 2018, 2019 and June 30, 2020, respectively. Our inventories increased from RMB2.9 million in 2017 to RMB4.9 million as of December 31, 2018, and further increased to RMB5.8 million as of December 31, 2019 and RMB8.3 million as of June 30, 2020, primarily due to (i) our expansion of shopping services, under which we procured consumable and merchandized goods for sales; and (ii) the expansion of our home-decoration services, under which we procured construction raw materials.

The following table sets out our average inventory turnover days for the Track Record Period:

|                                                      | As of December 31, |      |      | As of    |
|------------------------------------------------------|--------------------|------|------|----------|
|                                                      | 2017               | 2018 | 2019 | June 30, |
|                                                      |                    |      |      | 2020     |
| Average inventory turnover days <sup>(1)</sup> ..... | 1                  | 1    | 1    | 1        |

*Note:*

- (1) Our average inventory turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of inventories by cost of sales for the relevant period and then multiplied by the number of days in the relevant period.

Our average inventory turnover days remained stable during the Track Record Period, primarily due to the trade nature of merchandized goods, which were sold to our property owners and residents.



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### Trade and Bill Receivables

The table below sets forth a breakdown of the trade and bill receivables as of the dates indicated:

|                                                 | As of December 31, |                |                | As of          |
|-------------------------------------------------|--------------------|----------------|----------------|----------------|
|                                                 | 2017               | 2018           | 2019           | June 30,       |
|                                                 | RMB'000            | RMB'000        | RMB'000        | 2020           |
|                                                 |                    |                |                | RMB'000        |
| <b>Trade receivables</b>                        |                    |                |                |                |
| — Third parties . . . . .                       | 167,757            | 226,195        | 413,894        | 571,630        |
| — Related parties . . . . .                     | 18,918             | 66,886         | 142,130        | 228,444        |
| Less: allowance for impairment . . . . .        | (1,854)            | (2,799)        | (5,316)        | (7,939)        |
| <b>Bill receivables</b>                         |                    |                |                |                |
| — Third parties . . . . .                       | —                  | —              | —              | 2,016          |
| <b>Net trade and bill receivables . . . . .</b> | <b>184,821</b>     | <b>290,282</b> | <b>550,708</b> | <b>794,151</b> |

Our trade and bill receivables increased during the Track Record Period, primarily due to our continued business expansion. Our trade and bill receivables increased from RMB184.8 million as of December 31, 2017 to RMB290.3 million as of December 31, 2018, primarily due to the increases in (i) value-added services to non-property owners, such as cleaning and inspection services before delivery of properties, and (ii) property management services for public properties. Our trade and bill receivables increased from RMB290.3 million as of December 31, 2018 to RMB550.7 million as of December 31, 2019, primarily due to the increases in (i) property management service for residential properties, (ii) value-added services to non-property owners, such as cleaning and inspection services before delivery of properties, and (iii) property management services for public properties. Our trade and bill receivables increased from RMB550.7 million as of December 31, 2019 to RMB794.2 million as of June 30, 2020, primarily due to the increase in trade receivables from third parties as a result of the increase in our property management service, and our value-added services to non-property owners, which was in line with our business expansion. In the first half of 2020, we received banker's acceptance bills from customers representing payments for our property management services for non-residential properties. As of July 31, 2020, we had received actual payments from banks that issued the banker's acceptance bills.

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The following table sets forth our trade receivable turnover days for the periods indicated, based on the invoice date:

|                                                                                                    | For the year ended December 31, |      |      | For the<br>six months<br>ended<br>June 30, |
|----------------------------------------------------------------------------------------------------|---------------------------------|------|------|--------------------------------------------|
|                                                                                                    | 2017                            | 2018 | 2019 | 2020                                       |
| Average trade receivable<br>turnover days <sup>(1)</sup> . . . . .                                 | 52                              | 57   | 67   | 90                                         |
| Average trade receivable<br>from related parties<br>turnover days <sup>(1)</sup> . . . . .         | 22                              | 41   | 64   | 102                                        |
| Average trade receivable<br>from independent third<br>party turnover days <sup>(1)</sup> . . . . . | 62                              | 63   | 68   | 86                                         |

*Note:*

- (1) Average trade receivable turnover days for a certain year equals average trade receivables divided by revenue for the year and then multiplied 365 for a full year period or by 182 for a six month period. Average trade receivables are calculated as trade receivables as of the beginning of the year/period plus trade receivables as of the end of the year/period, divided by two.

Average trade receivable turnover days indicate the average time required for us to collect cash payments from provision of services. The increase in our trade receivable turnover days from 52 days in 2017 to 57 days in 2018, and to 67 days in 2019 and further to 90 days in June 30, 2020, was primarily due to longer turnover days of trade receivables from third parties. The increase in our trade receivable turnover days in 2019 to the six months ended June 30, 2020 was also due to the impact of COVID-19 pandemic, as certain customers delayed payment of property management fees that did not have material adverse impact on us in the six months ended June 30, 2020. For the six months ended June 30, 2020, our average trade receivables from related parties turnover days was higher than that of independent third parties, primarily due to the prolonged payment settlement cycle as their temporary internal measures in response to the COVID-19 outbreak. To the best knowledge and understanding of our Directors, such temporarily internal measures included more thorough payment review and approval process by internal finance and budget departments to ensure that invoices received are in good order and within internal cost budgets or estimates. As COVID-19 pandemic has eased in China, our Directors are of the view that our related parties have completely lifted these temporary internal measures. For the period from January 1, 2020 to the Latest Practicable Date, our trade receivable turnover days for related parties have decreased to approximately 90 days, as compared to 102 days for the first half of 2020. Our trade receivables turnover days are generally in line with the credit term granted to our customers, which is 30 to 90 days. We also enhanced our internal control measures, including but not limited to organizing certain community events to encourage property owners and residents to prepay property management

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fees, reviewing the payment status of our trade receivables on a monthly basis, enhancing the frequency and efficiency of communication with property owners and residents and implementing a software system to monitor the progress of our property management fee collection.

The following table sets forth an aging analysis of the trade and bill receivables as of the dates indicated, based on the invoice date:

|                               | As of December 31, |                |                | As of<br>June 30, |
|-------------------------------|--------------------|----------------|----------------|-------------------|
|                               | 2017               | 2018           | 2019           | 2020              |
|                               | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Up to one year. . . . .       | 183,436            | 283,141        | 543,218        | 772,638           |
| One to two years . . . . .    | 2,189              | 9,330          | 9,905          | 26,152            |
| Two to three years . . . . .  | 753                | 471            | 2,695          | 2,197             |
| Three to four years . . . . . | 277                | 119            | 114            | 1,023             |
| Four to five years . . . . .  | –                  | –              | 72             | 60                |
| Over five years . . . . .     | 20                 | 20             | 20             | 20                |
| <b>Total . . . . .</b>        | <b>186,675</b>     | <b>293,081</b> | <b>556,024</b> | <b>802,090</b>    |

The table below sets forth an aging analysis of the trade and bill receivables from Jinke Property Group as of the dates indicated:

|                                                      | As of December 31, |        |         | As of<br>June 30, |
|------------------------------------------------------|--------------------|--------|---------|-------------------|
|                                                      | 2017               | 2018   | 2019    | 2020              |
|                                                      | <i>RMB'000</i>     |        |         |                   |
| Up to one year. . . . .                              | 15,333             | 53,219 | 125,152 | 190,610           |
| One to two years . . . . .                           | 411                | 1,186  | 164     | 2,484             |
| Two to three years . . . . .                         | 432                | 406    | 22      | 173               |
| Three to five years and over<br>five years . . . . . | 277                | –      | –       | 22                |
|                                                      | 16,453             | 54,811 | 125,338 | 193,289           |

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The table below sets forth an aging analysis of the trade and bill receivables from Independent Third Parties as of the dates indicated:

|                               | As of December 31, |                |                | As of<br>June 30, |
|-------------------------------|--------------------|----------------|----------------|-------------------|
|                               | 2017               | 2018           | 2019           | 2020              |
|                               | <i>RMB'000</i>     |                |                |                   |
| Up to one year . . . . .      | 165,638            | 218,116        | 401,551        | 546,925           |
| One to two years . . . . .    | 1,778              | 7,875          | 9,515          | 23,668            |
| Two to three years . . . . .  | 321                | 65             | 2,673          | 2,023             |
| Three to four years . . . . . | –                  | 119            | 63             | 1,001             |
| Four to five years . . . . .  | –                  | –              | 72             | 9                 |
| Over five years . . . . .     | 20                 | 20             | 20             | 20                |
|                               | <u>167,757</u>     | <u>226,195</u> | <u>413,894</u> | <u>573,646</u>    |

The table below sets forth the movements in the allowance for impairment of trade and bill receivables as of the dates indicated:

|                                                                                 | As of December 31,  |                     |                     | As of<br>June 30,   |
|---------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                                 | 2017                | 2018                | 2019                | 2020                |
|                                                                                 | <i>RMB'000</i>      | <i>RMB'000</i>      | <i>RMB'000</i>      | <i>RMB'000</i>      |
| As of the beginning of<br>year/period . . . . .                                 | 1,156               | 1,854               | 2,799               | 5,316               |
| Provision for loss allowance<br>recognized in profit or loss                    | 763                 | 945                 | 3,231               | 2,623               |
| Receivables written off<br>during the year/period as<br>uncollectible . . . . . | (65)                | –                   | (714)               | –                   |
| <b>As of the end of period . . . .</b>                                          | <b><u>1,854</u></b> | <b><u>2,799</u></b> | <b><u>5,316</u></b> | <b><u>7,939</u></b> |

As of September 23, 2020, RMB331.3 million, or approximately 41.3% of our trade and bill receivables as of June 30, 2020, were subsequently settled, among which RMB53.6 million, RMB13.9 million and RMB263.8 million of our trade and bill receivables by Jinke Property Group, joint ventures and associates of Jinke Property Group and independent third parties, accounting for approximately 6.7%, approximately 1.7%, and approximately 32.9% of our total trade and bill receivables as of June 30, 2020, were subsequently settled.

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We do not consider that there is any material recoverability issue for our trade and bill receivables aged over one year. Such trade and bill receivables mainly consisted of property management fees due from property owners and residents who are Independent Third Parties, and we have adopted a number of internal control measures on the collection of property management fees, including but not limited to regular communications with property owners and residents, implementing a software system to monitor the collection progress, and organizing certain community events through which we further enhance our communications with the property owners and residents and provide reminders on the fees, often around the holidays in the second half of the year. In addition, we may also seek legal actions as a last resort to seek long overdue property management fees from property owners and residents. If the recoverability of our trade and bill receivables becomes lower than expected, we may provide for allowance for impairment of trade receivables. Please see “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, residents and property developers which could incur impairment losses on our trade and bill receivables.”

### **Financial Assets at Fair Value through Profit or Loss**

We had financial assets at fair value through profit or loss in the amount of RMB9.7 million as of December 31, 2017, which were gains recognized from certain wealth management products purchased from a third-party licensed commercial bank, which we disposed of in 2018.

### **Other Assets**

Our other assets mainly consist of a small number of parking lots at certain properties managed by us, which amounted to RMB100.3 million, RMB86.1 million, RMB74.2 million and RMB 64.7 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The decrease in the other assets was mainly due to part of the sales of such parking lots during the Track Record Period. The sales of parking lots is not part of our principal business and we do not intend to engage in the sales of such parking lots in the future. According to HKAS 2, inventories are assets (a) held for sale in the ordinary course of business, (b) in the process of production for such sale; or (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services. As the sales of such parking lots is not part of our ordinary course of business, we account such parking lots as “other assets” to distinguish them from inventories on the consolidated statements of financial position. For the years ended December 31, 2017 and 2018, we incurred a gross loss from sales of car parks amounted to RMB0.5 million and RMB1.0 million. For the year ended December 31, 2019 and six months ended June 30, 2020, we generated gross profit from sales of parking lots amounted to RMB1.9 million and RMB1.5 million, respectively. During the Track Record Period, we did not have any lease income arising from these parking lots.

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### Prepayment and Other Receivables

#### Prepayment

The table below sets forth the breakdown of our prepayments and other receivables as of the dates indicated:

|                                                                            | As of December 31, |                  |                  | As of<br>June 30, |
|----------------------------------------------------------------------------|--------------------|------------------|------------------|-------------------|
|                                                                            | 2017               | 2018             | 2019             | 2020              |
|                                                                            | RMB'000            | RMB'000          | RMB'000          | RMB'000           |
| Prepayments to suppliers                                                   |                    |                  |                  |                   |
| — Third parties . . . . .                                                  | 2,928              | 39,516           | 114,961          | 125,359           |
| Deferred listing expenses . . .                                            | —                  | —                | —                | 17,929            |
| Prepaid tax . . . . .                                                      | 4,047              | 708              | 1,316            | 1,945             |
| Other receivables:                                                         |                    |                  |                  |                   |
| — Related parties. . . . .                                                 | 1,634,544          | 3,202,023        | 2,887,598        | 1,841,908         |
| — Third parties . . . . .                                                  | 31,271             | 40,583           | 80,326           | 70,284            |
| <b>Subtotal . . . . .</b>                                                  | <b>1,672,790</b>   | <b>3,282,830</b> | <b>3,084,201</b> | <b>2,057,425</b>  |
| <i>Less:</i> allowance for<br>impairment of other<br>receivables . . . . . | (1,191)            | (1,251)          | (2,032)          | (1,663)           |
| <b>Total . . . . .</b>                                                     | <b>1,671,599</b>   | <b>3,281,579</b> | <b>3,082,169</b> | <b>2,055,762</b>  |

Our prepayments and other receivables mainly represent (i) prepayments to suppliers, (ii) deferred listing expenses, (iii) prepaid tax, and (iv) other receivables. Please see “Business—Property Management Services—Property Management Fees” for more details on the collection of payments that we made on behalf of property owners and residents.

Our prepayments to suppliers primarily consist of utility fees paid to municipal authorities, advanced fees paid to travel agencies and procurement costs for raw materials. Our prepayments to suppliers increased from RMB2.9 million as of December 31, 2017 to RMB39.5 million as of December 31, 2018, primarily due to the increase in payments made on behalf of property owners, which mainly included payments for utility bills resulting from

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our increased GFA under management. Our prepayments to suppliers increased from RMB39.5 million as of December 31, 2018 to RMB115.0 million as of December 31, 2019, primarily due to the increase in prepayments to travel agencies as a result of our expansion of travel agency services in 2019.

During the Track Record Period, our travel agency services, being part of the comprehensive living and traveling services under our community valued-added service, consisted of (i) procurement of tour packages from wholesale travel agencies on behalf of identified individual retail customers and (ii) prepay for tourism-oriented products, mainly tour packages, from wholesale travel agencies in advance at wholesale prices, and re-sell such products to other travel agencies and individual retail customers who are generally within our communities with markup.

During the Track Record Period, we procured tour packages on behalf of individual retail customers who purchase such product from us, and charged individual retail customer a markup on top of the wholesale price that we paid to the travel agencies. As we need to bear risks associated with the payments that we made to wholesale travel agencies, we recognize such payments as the cost of sales and our commission income on a gross basis. As there is sometimes a timing difference between the time we paid for the tour packages and the time that customers paid us for the same product, some of our payments to the wholesale travel agencies were treated as prepayments. As of December 31, 2017, 2018 and 2019 and June 30, 2020, we had prepayments to travel agencies on behalf of our customers in the amount of RMB3,000, RMB1.0 million, RMB2.6 million and RMB2.0 million, respectively.

In 2018, we started to source tourism-oriented products, mainly tour packages, from wholesale travel agencies by prepaying such products at wholesale prices in advance and then marketing them to individual retail customers and other travel agencies with markup. Our prepayments to the wholesale travel agencies enable us to book products at competitive prices. Such prepayments are subject to refund policies with the wholesale travel agencies, which generally provide that, if we are unable to sell the products or if the relevant tours have insufficient number of participants to take place within one to six months from our original purchase, the wholesale travel agencies would refund us the pre-payment in full. We may also negotiate to convert the amount to be refunded into new prepayments to the wholesale travel agencies for other products. Given that we do not bear the risks associated with the prepayment of such travel service fees, such prepayments are only recognized as prepayments to suppliers and are not recorded as part of our cost of sales. We therefore derive and recognize commission income on a net basis, which is the net amount of the consideration we receive from our customers deducting the amount that we have settled with the wholesale travel agencies. As we might derive commission income without recognizing any prepayments and considering the refund policy from wholesale travel agencies, an increase or a decrease in our prepayments to travel agencies in any given period does not directly correlate to an increase or a decrease in our commission income in the same period. As of December 31, 2017, 2018 and 2019 and June 30, 2020, we made prepayments to these wholesale travel agencies with refund policies in the amount of nil, RMB24.1 million, RMB100.3 million and RMB101.0 million, respectively. Our



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prepayment increased significantly from 2018 to 2019, primarily because we began to partner with wholesale travel agencies to expand our comprehensive living and travel services in mid 2018 by marketing more tourism-oriented products in expectation of the grow demand in the PRC market.

During the Track Record Period, the top two travel agencies, in terms of prepayments made, were companies established in Chongqing China. One of the travel agencies operates a theme park in Chongqing and offers theme park related tour packages, and the other travel agency is a Southwestern China regional sales channel of a travel service company listed on the Shenzhen Stock Exchange. The top two travel agencies offer tour packages and other tourism-oriented products for us to re-sell to our customers. We have partnered with these two travel agencies since June 2018. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our prepayments made to these top two travel agencies amounted to nil, RMB24.1 million, RMB100.3 million and RMB101.0 million, respectively, representing nil, 96.1%, 97.5% and 98.1% of our total prepayments made to all travel agencies as of the same date, respectively. None of these travel agencies had any past or present relationship with us, our subsidiaries, shareholders, directors or senior management, or any of their respective associates.

According to CIA, the commission charged for travel agency services varies from company to company in the travel service industry, as it is subject to a number of factors, including but not limited to the facts of whether the travel products were sourced directly from the wholesale suppliers and whether other travel agencies are involved in the selling process, as well as the real-time price negotiation between the relevant personnel with the retail customers at different times and under different circumstances, all of which may affect the ultimate price negotiated and determined and subsequently affect the commission that a service provider is able to derive from such service. Our overall commission varies for each tour package, depending on the discount obtained by us from wholesale travel agencies and our price negotiation with individual retail customers and other travel agencies. For the years ended December 31, 2017, 2018, 2019 and June 30, 2020, we derived overall commission income of approximately RMB6.3 million, RMB14.5 million, RMB17.1 million and RMB1.5 million, respectively. Our total commission income as a percentage against the travel service fees incurred on a gross basis was approximately 9%, 4%, 4% and 7%, respectively, in 2017, 2018, 2019 and the six months ended June 30, 2020 which, in the view of our Directors, were generally within the market range. The percentages of our commission income against travel services fees incurred were relatively low in 2018 and 2019, primarily because we had derived a higher commission from procuring tour packages for individual retail customers in 2017, and a lower commission from marketing tourism-oriented products in 2018 which had a smaller profit margin due to our limited bargaining power with other travel agencies as compared with the direct transactions with individual retail customers. The percentage of our commission income against travel service fees incurred increased in the six months ended June 30, 2020 primarily because (i) we were able to generate higher commission income for products sold during or before the Chinese New Year holiday and (ii) the prices of the products purchased by us in the first half of 2020 were relatively low given the low demand for such products due to the COVID-19 pandemic.

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As of the Latest Practicable Date, approximately RMB65.8 million or 63.9% of our prepayments to travel agencies as of June 30, 2020 had been utilized by our customers, and RMB20.6 million or 20.0% of our prepayments to travel agencies as of June 30, 2020 had been refunded to us by the wholesale travel agencies services. As of the Latest Practicable Date, approximately RMB16.6 million or 16.1% of our prepayments to travel agencies as of June 30, 2020 had not been utilized by our customers, nor had it been refunded to us by the travel agencies. We did not request such refund as we plan to maintain cooperation with the travel agencies, so that we can continue to procure tour packages from the travel agencies at competitive prices. In the first six months of 2020, the PRC travel market experienced slowdown in travel activities due to the COVID-19 pandemic. As a result, our prepayments were withheld for a prolonged period given the decreased travel activities in period. In view of the ongoing COVID-19 pandemic and slow recovery of both domestic and international travel activities, we have prudently maintained a stable level of prepayments to travel agencies in the first half of 2020. We have also been monitoring the scale of our prepayments to fit the volume of our travel agency services.

Our prepayments to suppliers increased from RMB115.0 million as of December 31, 2019 to RMB125.4 million as of June 30, 2020, primarily due to our expansion of shopping services, under which we had prepayment to suppliers for mechanized goods. As of June 30, 2020, we also had deferred listing expenses which amounted to RMB17.9 million. Our deferred listing expenses will be deducted from equity upon the Listing.

### *Other Receivables*

Our other receivables consisted of certain interest-bearing cash advances due from our related parties, deposit from third parties utilities from property owners and residents which amounted to RMB1,665.8 million, RMB3,242.6 million, RMB2,968.0 million and RMB1,912.2 million during the Track Record Period.

During the Track Record Period, all of our interest-bearing cash advances were due from our related parties. We did not provide any interest-bearing cash advances to third parties during the Track Record Period. We had interest-bearing cash advances to related parties amounted to RMB1,080.0 million, RMB2,580.0 million, RMB2,237.0 million and RMB1,495.0 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. Interest rates of these cash advances ranged between 7% and 10%. We recognized interest income of RMB107.3 million, RMB154.3 million, RMB186.4 million and RMB77.5 million in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. Among which, we had made advances to subsidiaries of Jinke Property carrying interest rates of 9% and 7% which mirror the interest rates and amounts under the ABS and ABN agreements, respectively. As of the Latest Practicable Date, we had fully settled the all amounts outstanding under ABS and ABN agreements. Please see “—Indebtedness—Borrowings” in this section for more information. These interest-bearing cash advances were pursuant to Jinke Property Group’s internal financing plan to utilize our cash resources and support the operational needs of Jinke

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Property Group. According to our PRC Legal Advisors, our advances to certain subsidiaries of Jinke property were valid private lending activities although they were not fully in compliance with the General Lending Provisions. See “—Indebtedness—Borrowings” in this section for more detailed discussions.

### Trade and Bill Payables

Trade and bill payables primarily represent our obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including sub-contracting expenses and cost of materials. We are typically granted credit terms of 30 to 60 days for trade payables from suppliers. We started to use bank bills to fulfill our payment obligation to suppliers in 2019. The bills are generally due in six months from the date of issuance.

The following table sets forth a breakdown of the trade and bill payables as of the dates indicated, based on the invoice date:

|                             | As of December 31, |               |                | As of          |
|-----------------------------|--------------------|---------------|----------------|----------------|
|                             | 2017               | 2018          | 2019           | June 30,       |
|                             | RMB'000            | RMB'000       | RMB'000        | 2020           |
|                             |                    |               |                | RMB'000        |
| Trade Payables              |                    |               |                |                |
| — Related parties . . . . . | 337                | 566           | 43             | 1,157          |
| — Third parties . . . . .   | 27,423             | 81,671        | 144,196        | 145,289        |
| Bill Payables               |                    |               |                |                |
| — Third parties . . . . .   | —                  | —             | 8,909          | 11,891         |
| <b>Total . . . . .</b>      | <b>27,760</b>      | <b>82,237</b> | <b>153,148</b> | <b>158,337</b> |

Our trade and bill payables increased significantly from RMB27.8 million as of December 31, 2017 to RMB82.2 million as of December 31, 2018, RMB153.1 million as of December 31, 2019 and further increased to RMB158.3 million as of June 30, 2020, primarily due to the increase in expenses paid to suppliers as a result of the increase in GFA under our management during the Track Record Period.

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The following table sets forth our trade payable turnover days for the periods indicated:

|                                                              | For the year ended December 31, |      |      | For the six months ended June 30, |
|--------------------------------------------------------------|---------------------------------|------|------|-----------------------------------|
|                                                              | 2017                            | 2018 | 2019 | 2020                              |
| Average trade payable turnover days <sup>(1)</sup> . . . . . | 11                              | 18   | 25   | 28                                |

*Note:*

- (1) Average trade payable turnover days for a year equals average trade payables divided by cost of sales for the year and then multiplied by 365 for a full year period or by 182 for a six-month period. Average trade payables are calculated as trade payables as of the beginning of the year/period plus trade payables as of the end of the year/period, divided by two.

Our average trade payable turnover days indicate the average time we take to make payments to suppliers, which generally increased during the Track Record Period and within the typical credit terms granted to us. The increase in average trade payable turnover days was primarily due to our credit enhancement, extending our credit term from monthly payment to quarterly payment.

The following table sets forth an aging analysis of the trade and bill payables as of the dates indicated, based on the invoice date:

|                              | As of December 31, |               |                | As of June 30, |
|------------------------------|--------------------|---------------|----------------|----------------|
|                              | 2017               | 2018          | 2019           | 2020           |
|                              | RMB'000            | RMB'000       | RMB'000        | RMB'000        |
| Up to one year . . . . .     | 26,492             | 79,314        | 151,667        | 155,709        |
| One to two years . . . . .   | 963                | 2,131         | 573            | 1,484          |
| Two to three years . . . . . | 293                | 492           | 564            | 304            |
| Over three years . . . . .   | 12                 | 300           | 344            | 840            |
| <b>Total . . . . .</b>       | <b>27,760</b>      | <b>82,237</b> | <b>153,148</b> | <b>158,337</b> |

As of July 31, 2020, RMB41.7 million, or approximately 26.4% of our trade and bill payables as of June 30, 2020 were subsequently settled.

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### Other Payables and Accruals

Our other payables and accruals primarily consist of (i) advances due to our related parties, which are non-trade in nature, and advances due to third parties, which are trade in nature, (ii) accrued payroll, (iii) other tax payables, which mainly include VAT and (iv) interest payables. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

|                                | As of December 31,    |                         |                         | As of<br>June 30,     |
|--------------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
|                                | 2017                  | 2018                    | 2019                    | 2020                  |
|                                | <i>RMB'000</i>        | <i>RMB'000</i>          | <i>RMB'000</i>          | <i>RMB'000</i>        |
| Other payables:                |                       |                         |                         |                       |
| — Related parties . . . . .    | 619,287               | 698,958                 | 738,771                 | 29,302                |
| — Third parties . . . . .      | 206,574               | 294,780                 | 349,258                 | 389,181               |
| Accrued payroll . . . . .      | 107,172               | 102,202                 | 114,217                 | 29,722                |
| Other taxes payables . . . . . | 16,724                | 26,818                  | 30,880                  | 34,768                |
| Interests payables . . . . .   | 13,578                | 17,654                  | 12,135                  | 8,104                 |
| <b>Total . . . . .</b>         | <b><u>963,335</u></b> | <b><u>1,140,412</u></b> | <b><u>1,245,261</u></b> | <b><u>491,077</u></b> |

Our other payables and accruals increased from RMB963.3 million as of December 31, 2017 to RMB1,140.4 million as of December 31, 2018 and RMB1,245.3 million as of December 31, 2019, primarily due to the increases in other payables due to related parties from advances from/to related parties and increases in our other payables due to third parties, including home decoration deposits and home owners' association fees paid by property owners, as a result of the increased number of properties we managed. Our other payables and accruals decreased from RMB1,245.3 million as of December 31, 2019 to RMB491.1 million as of June 30, 2020, primarily due to the decrease in other payables due to related parties as we gradually settled advances from related parties.

### Contract Liabilities

Our contract liabilities primarily consist of advances of property management fees and other service fees. Our contract liabilities increased significantly from RMB162.1 million as of December 31, 2017 to RMB219.5 million as of December 31, 2018, RMB291.2 million as of December 31, 2019 and further to RMB325.7 million as of June 30, 2020, primarily due to the increase in the number of properties we managed.

## FINANCIAL INFORMATION

### CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets out current assets and current liabilities as of the dates indicated:

|                                                                       | As of December 31,      |                         |                         | As of<br>June 30,       | As of<br>September 30,  |
|-----------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                       | 2017                    | 2018                    | 2019                    | 2020                    | 2020                    |
|                                                                       | RMB'000                 | RMB'000                 | RMB'000                 | RMB'000                 | RMB'000                 |
| <b>Current assets</b>                                                 |                         |                         |                         |                         |                         |
| Inventories . . . . .                                                 | 2,864                   | 4,871                   | 5,826                   | 8,338                   | 24,836                  |
| Trade and bill and<br>other receivables<br>and prepayments . .        | 1,076,420               | 1,741,861               | 2,487,877               | 2,849,913               | 1,339,054               |
| Cash and cash<br>equivalents . . . . .                                | 482,930                 | 416,303                 | 333,149                 | 843,244                 | 1,009,798               |
| Financial assets at<br>fair value through<br>profit or loss . . . . . | 9,720                   | —                       | —                       | —                       | —                       |
| Restricted cash . . . . .                                             | 1,400                   | 1,427                   | 1,455                   | 364                     | 364                     |
| Other assets . . . . .                                                | 100,274                 | 86,063                  | 74,240                  | 64,742                  | 63,915                  |
| <b>Total current<br/>assets . . . . .</b>                             | <b><u>1,673,608</u></b> | <b><u>2,250,525</u></b> | <b><u>2,902,547</u></b> | <b><u>3,766,601</u></b> | <b><u>2,437,967</u></b> |
| <b>Current liabilities</b>                                            |                         |                         |                         |                         |                         |
| Trade and bill and<br>other payables . . . .                          | 991,095                 | 1,222,649               | 1,398,409               | 649,414                 | 666,576                 |
| Contract liabilities . .                                              | 162,071                 | 219,460                 | 291,202                 | 325,736                 | 351,092                 |
| Borrowings . . . . .                                                  | 300,000                 | 500,000                 | 685,000                 | 1,495,000               | —                       |
| Current income tax<br>liabilities . . . . .                           | 131                     | 21,794                  | 64,488                  | 49,752                  | 46,093                  |
| Lease liabilities . . . .                                             | 250                     | 1,708                   | 1,331                   | 1,177                   | 1,150                   |
| <b>Total current<br/>liabilities . . . . .</b>                        | <b><u>1,453,547</u></b> | <b><u>1,965,611</u></b> | <b><u>2,440,430</u></b> | <b><u>2,521,079</u></b> | <b><u>1,064,911</u></b> |
| <b>Net current assets . .</b>                                         | <b><u>220,061</u></b>   | <b><u>284,914</u></b>   | <b><u>462,117</u></b>   | <b><u>1,245,522</u></b> | <b><u>1,373,056</u></b> |

We recorded net current asset positions as of December 31, 2017, 2018 and 2019 and June 30 and September 30, 2020.

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Our net current assets increased by 127.5 million from RMB1,245.5 million as of June 30, 2020 to RMB1,373.1 million as of September 30, 2020, mainly attributable to an increase in our cash and cash equivalents of RMB166.6 million as of September 30, 2020. Our net current assets increased by RMB783.4 million from RMB462.1 million as of December 31, 2019 to RMB1,245.5 million as of June 30, 2020, mainly attributable to the pre-IPO investment of RMB478.1 million and net profit for the six months ended June 30, 2020. Our net current assets increased by RMB177.2 million from RMB284.9 million as of December 31, 2018 to RMB462.1 million as of December 31, 2019, mainly attributable to the combined effect of (i) an increase in our current asset level due to the net profit for the year ended December 31, 2019 of RMB374.4 million and (ii) an increase in our current liabilities level due to the dividend declared of RMB146.7 million in 2019. Our net current assets increased from RMB220.1 million as of December 31, 2017 to RMB284.9 million as of December 31, 2018, mainly attributable to the combined effect of (i) an increase in our current asset level due to the net profit for the year ended December 31, 2018 of RMB163.9 million and (ii) an increase in our current liabilities level due to the dividend declared of RMB96.8 million in 2018.

### LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash has been for working capital purposes. Our main source of liquidity has been generated from cash flow from operations. In the foreseeable future, we expect cash flow from operations to continue to be our principal source of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements.

#### Cash Flow

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated:

|                                     | For the year ended December 31, |                |                | For the<br>six months<br>ended<br>June 30, |
|-------------------------------------|---------------------------------|----------------|----------------|--------------------------------------------|
|                                     | 2017                            | 2018           | 2019           | 2020                                       |
|                                     | <i>RMB'000</i>                  | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>                             |
| Cash generated from/(used in)       |                                 |                |                |                                            |
| operations . . . . .                | 195,107                         | 268,483        | 270,936        | 86,899                                     |
| Income tax paid . . . . .           | (46,936)                        | (10,658)       | (34,135)       | (76,229)                                   |
| Net cash generated from             |                                 |                |                |                                            |
| operating activities . . . . .      | 148,171                         | 257,825        | 236,801        | 10,670                                     |
| Net cash generated from/            |                                 |                |                |                                            |
| (used in) investing activities . .  | 490,419                         | (1,321,933)    | 490,192        | 424,398                                    |
| Net cash (used in)/generated        |                                 |                |                |                                            |
| from financing activities . . . . . | (547,884)                       | 997,481        | (810,147)      | 75,027                                     |



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|                                                                           | For the year ended December 31, |                 |                 | For the<br>six months<br>ended<br>June 30, |
|---------------------------------------------------------------------------|---------------------------------|-----------------|-----------------|--------------------------------------------|
|                                                                           | 2017                            | 2018            | 2019            | 2020                                       |
|                                                                           | RMB'000                         | RMB'000         | RMB'000         | RMB'000                                    |
| <b>Net increase/(decrease) in cash<br/>and cash equivalents . . . . .</b> | <b>90,706</b>                   | <b>(66,627)</b> | <b>(83,154)</b> | <b>510,095</b>                             |
| Cash and cash equivalents as at<br>the beginning of year/period . .       | 392,224                         | 482,930         | 416,303         | 333,149                                    |
| <b>Cash and cash equivalents as<br/>at end of year/period . . . . .</b>   | <b>482,930</b>                  | <b>416,303</b>  | <b>333,149</b>  | <b>843,244</b>                             |

### *Net cash generated from operating activities*

Our cash flows from operating activities primarily reflects (i) profit before income tax, (ii) the effects of movements in working capital and (iii) income tax paid.

In the six months ended June 30, 2020, our net cash generated from operating activities was RMB10.7 million, consisting of cash generated from operations of RMB86.9 million, partially offset by income tax paid of RMB76.2 million. Operating cash inflow before changes in working capital was RMB357.7 million, primarily attributable to profit before tax of RMB364.4 million. Changes in working capital was primarily due to an increase in trade and other receivables and prepayments in the amount of RMB269.8 million due to our business expansion, partially offset by an increase in our contract liabilities of RMB34.5 million.

In 2019, our net cash generated from operating activities was RMB236.8 million, consisting of cash generated from operations of RMB270.9 million, partially offset by income tax paid of RMB34.1 million. Operating cash inflow before changes in working capital was RMB437.6 million, primarily attributable to profit before tax of RMB450.1 million. Changes in working capital was primarily due to an increase in trade and other receivables and prepayments in the amount of RMB378.9 million due to our business expansion, partially offset by an increase in our trade and bill and other payables of RMB141.5 million.

In 2018, our net cash generated from operating activities was RMB257.8 million, consisting of cash generated from operations of RMB268.5 million, partially offset by income tax paid of RMB10.7 million. Operating cash inflow before changes in working capital was RMB217.5 million, primarily attributable to profit before tax of RMB197.7 million. Changes in working capital was primarily due to an increase in trade and other receivables and prepayments in the amount of RMB150.7 million, and partially offset by an increase in our trade and bill and other payables in the amount of RMB146.3 million and an increase in our contract liabilities in the amount of RMB57.4 million.

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In 2017, our net cash generated from operating activities was RMB148.2 million, consisting of cash generated from operations of RMB195.1 million, partially offset by income tax paid of RMB46.9 million. Operating cash inflow before changes in working capital was RMB143.7 million, primarily attributable to profit before tax of RMB136.2 million. Changes in working capital was primarily due to an increase in trade and other receivables and prepayments of RMB61.4 million, an increase in trade and bill and other payables of RMB63.1 million and an increase in contract liabilities of RMB51.7 million due to our business expansion.

### *Net cash generated from/(used in) investing activities*

During the Track Record Period, our cash used in investing activities mainly consists of purchase of items of property, plant and equipment, purchase of other intangible assets, acquisition of financial assets at fair value through profit or loss and advances to related parties. Our cash from investing activities mainly consists of proceeds from disposal of car parks, proceeds from disposal of financial assets at fair value through profit or loss, repayments from related parties and disposal of subsidiaries.

In the six months ended June 30, 2020, our net cash generated from investing activities was RMB424.4 million. The net cash inflow was primarily attributable to the repayments from related parties of RMB811.7 million, partially offset by advances to related parties of RMB398.0 million.

In 2019, our net cash generated from investing activities was RMB490.2 million. The net cash inflow was primarily attributable to the repayments from related parties of RMB1,491.5 million, partially offset by advances to related parties of RMB1,003.4 million.

In 2018, our net cash used in investing activities was RMB1,321.9 million. The net cash outflow was primarily attributable to advances to related parties of RMB3,123.9 million, partially offset by repayments from related parties of RMB1,790.4 million.

In 2017, our net cash generated from investing activities was RMB490.4 million. The net cash inflow was primarily attributable to the repayments from related parties of RMB482.2 million, partially offset by (i) acquisition of financial assets at fair value through profit or loss of RMB40.9 million and (ii) purchase of property, plant and equipment of RMB11.7 million.

### *Net cash generated from/(used in) financing activities*

In the six months ended June 30, 2020, our net cash generated from financing activities was RMB75.0 million, primarily reflecting (i) capital contribution from owners of RMB478.1 million, partially offset by (i) repayments of borrowings of RMB335.0 million and (ii) our interest paid in an amount of RMB66.2 million.

## FINANCIAL INFORMATION

In 2019, our net cash used in financing activities was RMB810.1 million, primarily reflecting (i) repayments of borrowings of RMB500.0 million, (ii) our interest paid in an amount of RMB165.2 million and (iii) dividends paid to shareholders of RMB146.7 million, partially offset by transactions with non-controlling interests of RMB3.9 million.

In 2018, our net cash generated from financing activities was RMB997.5 million, primarily reflecting proceeds from borrowings of RMB1,600.0 million, partially offset by (i) the repayments of borrowings of RMB350.0 million and (ii) our interest paid in an amount of RMB157.3 million.

In 2017, our net cash used in financing activities was RMB547.9 million, primarily reflecting (i) repayments of borrowings of RMB240.0 million, (ii) dividends paid to shareholders of RMB197.2 million and (iii) interest paid in an amount of RMB110.4 million.

### WORKING CAPITAL

Our Directors are of the view that, after taking into account the financial resources available to us, including the estimated net proceeds of the Global Offering and our internally generated funds, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

### INDEBTEDNESS

#### Borrowings

As of December 31, 2017, 2018 and 2019 and June 30 and September 30, 2020, our borrowings amounted to RMB1,080.0 million, RMB2,330.0 million, RMB1,830.0 million, RMB1,495.0 million and nil, respectively.

The following table sets forth the components of our interest-bearing borrowings as of the dates indicated:

|                        | As of December 31,      |                         |                         | As of                   | As of           |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|
|                        | 2017                    | 2018                    | 2019                    | June 30,                | September 30,   |
|                        | <u>2017</u>             | <u>2018</u>             | <u>2019</u>             | <u>2020</u>             | <u>2020</u>     |
|                        | <i>RMB'000</i>          | <i>RMB'000</i>          | <i>RMB'000</i>          | <i>RMB'000</i>          | <i>RMB'000</i>  |
| Borrowings             |                         |                         |                         |                         |                 |
| — Non-current . .      | 780,000                 | 1,830,000               | 1,145,000               | —                       | —               |
| — Current. . . . .     | <u>300,000</u>          | <u>500,000</u>          | <u>685,000</u>          | <u>1,495,000</u>        | <u>—</u>        |
| <b>Total . . . . .</b> | <b><u>1,080,000</u></b> | <b><u>2,330,000</u></b> | <b><u>1,830,000</u></b> | <b><u>1,495,000</u></b> | <b><u>—</u></b> |

## FINANCIAL INFORMATION

The table below sets forth a repayment schedule of the borrowings as of the dates indicated:

|                         | As of December 31, |                  |                  | As of<br>June 30, | As of<br>September 30, |
|-------------------------|--------------------|------------------|------------------|-------------------|------------------------|
|                         | 2017               | 2018             | 2019             | 2020              | 2020                   |
|                         | RMB'000            | RMB'000          | RMB'000          | RMB'000           | RMB'000                |
| Within one year . . . . | 300,000            | 500,000          | 685,000          | 1,495,000         | —                      |
| One to two years . . .  | 330,000            | 685,000          | 272,000          | —                 | —                      |
| Two to five years . .   | 450,000            | 1,145,000        | 873,000          | —                 | —                      |
| <b>Total . . . . .</b>  | <b>1,080,000</b>   | <b>2,330,000</b> | <b>1,830,000</b> | <b>1,495,000</b>  | <b>—</b>               |

In October 2015, Jinke Property lent us an aggregate principal amount of RMB1,500.0 million by way of entrusted loan through a third-party commercial bank with an interest rate of 9.0% per annum. In April 2018, Jinke Property lent us an aggregate principal amount of RMB1,600.0 million by way of entrusted loans through a third-party commercial bank with an interest rate of 7.0% per annum. As part of the financing arrangements, we had advanced the entire amounts of RMB1,500.0 million and RMB1,600.0 million received from the entrusted loans to certain subsidiaries of Jinke Property to support their operational needs.

In November 2015, Jinke Property transferred the loans and interest receivables due from us under the entrusted loan from October 2015 to a third-party asset management company for the purpose of obtaining financing in the aggregate principal amount of RMB1,500.0 million by way of issuing ABS. In June 2018, Jinke Property transferred the loans and interest receivables due from us under the entrusted loan from April 2018 to a third-party asset management company for the purpose of obtaining financing in the aggregate principal amount of RMB1,600.0 million by way of issuing ABN. Each of the ABS and ABN was secured by our pledge of the rights to receive the property management fees from certain properties under our management, and an undertaking from Jinke Property that it would pay any difference between the amounts paid by us and the outstanding amount due under the ABS or ABN agreements. Pursuant to the ABS and ABN agreements, the third-party asset management companies provided the aggregate principal amounts of RMB1,500.0 million and RMB1,600.0 million to Jinke Property. The entrusted loan agreements entered into in October 2015 and April 2018 were terminated immediately upon the entering into of the ABS and ABN agreements, respectively, in accordance with the termination clauses in the entrusted loan agreements. Our repayment obligations under the entrusted loan agreements were terminated upon the respective termination of the agreements and we had paid the relevant interests that were due thereunder using our own working capital. As of the Latest Practicable Date, all outstanding amounts under the ABS and ABN had been fully repaid and all of our and Jinke Property's obligations thereunder had been released.

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## FINANCIAL INFORMATION

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Our advances to certain subsidiaries of Jinke Property were non-trade in nature and were made by us pursuant to the internal financing plans of Jinke Property Group to effectively utilize the stable cash flow generated by us and to support the operational needs of Jinke Property Group. Jinke Property Group and we had elected to enter into the ABS and ABN agreements and made the above-mentioned cash advances to Jinke Property Group because such funding channel was considered more flexible comparing to the traditional bank borrowings, given that ABS and ABN are flexible means of fund-raising methods that can be tailored to the characteristics of property management companies. Often, traditional bank borrowings require fixed assets (with a value that is comparable to the principal amount of the loan) as security for the borrowings, whereas ABS and ABN allowed the use of loan receivables from us as pledge for the borrowings. This takes into consideration of our repayment ability given the stable collection rate of our property management fees and future cash inflow from continued and successful operational management. Together, the arrangements involving ABS and ABN allowed Jinke Property Group to obtain substantial funding on relatively commercially desirable terms with collateral tailored to our assets and business.

According to the General Lending Provisions (貸款通則) promulgated by the PBOC in 1996, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. According to the General Lending Provisions, a company which is not a financial institution and offers loans may be imposed penalties in the amount equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities. However, according to our PRC Legal Advisors, our advances to certain subsidiaries of Jinke Property Group were valid private lending activities although they were not fully in compliance with the General Lending Provisions. According to the Private Lending Provisions (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), private lending is distinguished from the lending activities conducted by financial institutions that are legally qualified to engaged in the granting of loans, and that the term “private lending” refers to the financing between natural or legal persons and other organizations. If such lending is for business operation purposes and does not fall into situations that lead to invalidity of a contract under the Contract Law of the PRC and Private Lending Provisions, then the relevant private lending agreements shall be legal and valid, and PRC courts shall support a company’s claim for interest in respect of such private lending as long as the annual interest rate does not exceed four times of the applicable LPR at the time of the agreement. As confirmed by our Directors, (i) the above-mentioned advances to the subsidiaries of Jinke Property were for the purposes of business operations, (ii) we had repaid any outstanding amount under the ABS and ABN agreements in full and Jinke Property had paid any outstanding amount under the ABS and ABN agreements as of the Latest Practicable Date; (iii) we have not received any benefits in relation to the above-mentioned advances, (iv) the annual interest rates of all the financing arrangements and lending transactions between us, Jinke Property Group and its certain subsidiaries during the Track Record Period and up to the Latest Practicable Date did not exceed four times of the applicable LPR at the time of the relevant agreements, and (v) we had not received any notice of claim or penalty relating to such advances from any relevant authorities. Based on the above, although the General Lending Provisions provides that the maximum penalty on the non-compliant financing would be the

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## FINANCIAL INFORMATION

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amount equivalent to one to five times of the income generated (being interest charged) from the loan advancing activities as discussed above, we are advised by our PRC Legal Advisors that the risk of us being penalized for the above-mentioned advances to the subsidiaries of Jinke Property pursuant to the General Lending Provisions is remote. As such, based on the above PRC legal advices provided by the PRC Legal Advisors, the Company considered it is not required to make any provision in relation to the potential violation of the General Lending Provision during the Track Record Period.

The Company has also discussed the above decision of not making any provision in relation to the potential violation of the General Lending Provision during the Track Record Period with the Reporting Accountant. The Reporting Accountant is of the view that necessary audit works have been carried out in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group’s Historical Financial Information for the Track Record Period as a whole in Appendix I to this prospectus. The Reporting Accountant’s opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

Our Directors confirm that we did not have any defaults in the payment of trade and non-trade payables or borrowings during the Track Record Period and up to the Latest Practicable Date. As of June 30, 2020, we did not have any unutilized facility. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining credit facilities or any withdrawal of banking facilities by a bank or receive any request to make an early repayment, or default in payment or breach any financial covenants of our borrowings.

### **Lease Liabilities**

As of December 31, 2017, 2018 and 2019 and June 30 and September 30, 2020, our lease liabilities amounted to approximately RMB1.2 million, RMB5.0 million, RMB3.9 million, RMB3.1 million and RMB2.8 million, respectively.

### **Other Payables Due to Related Parties**

As of December 31, 2017, 2018 and 2019 and June 30 and September 30, 2020, our other payables due to related parties amounted to approximately RMB619.3 million, RMB699.0 million, RMB738.8 million, RMB29.3 million and nil, respectively. Our other payables due to related parties decreased from RMB738.8 million as of December 31, 2019 to RMB29.3 million as of June 30, 2020, and further to nil as of September 30, 2020, as we gradually settled advances from/to related parties. These amounts were non-trade in nature, unsecured and interest-free.

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## FINANCIAL INFORMATION

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### **Contingent Liabilities and Commitments**

Saved as disclosed above, as of December 31, 2017, 2018 and 2019 and June 30 and September 30, 2020, we did not have any other outstanding guarantees or other material contingent liabilities.

Except as intra-group liabilities, we did not have any outstanding loan capital, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits or hire purchase commitments guarantees or other material contingent liabilities or any covenant in connection therewith as of the latest date for liquidity disclosure, being the latest practicable date for the purpose of the indebtedness statement. As of the same date, we had not guaranteed the indebtedness of any Independent Third Parties. Save as otherwise disclosed above, our Directors confirm that there has been no material adverse change in our indebtedness, capital commitments and contingent liabilities since September 30, 2020 and up to the Latest Practicable Date.

### **CAPITAL EXPENDITURES**

Our capital expenditures represent additions to property, plant and equipment and other intangible assets, including software products. Our total capital expenditures decreased from RMB13.3 million in 2017 to RMB12.2 million in 2018, RMB11.7 million in 2019 and further decreased to RMB8.5 million as of June 30, 2020, primarily due to a decrease in purchase of property, plant and equipment. Our principal sources of funds for the capital expenditures for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 are our cash generated from operating activities.

For the year ending December 31, 2020, our estimated total capital expenditures are approximately RMB15.6 million, attributable to our purchase of property, plant and equipment and intangible assets, including software products.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the PRC, the availability of financing on terms acceptable to us, technical or other problems in obtaining or installing equipment, changes in the regulatory environment in the PRC and other factors.

### **OFF-BALANCE SHEET ARRANGEMENTS**

We had no material off-balance sheet arrangements as of June 30, 2020, being the date of our most recent financial statement, and as of the Latest Practicable Date.



## FINANCIAL INFORMATION

### KEY FINANCIAL RATIOS

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

|                                                   | As of or for the year ended<br>December 31, |       |       | As of or<br>for the<br>six months<br>ended<br>June 30, |
|---------------------------------------------------|---------------------------------------------|-------|-------|--------------------------------------------------------|
|                                                   | 2017                                        | 2018  | 2019  | 2020                                                   |
| Return on equity <sup>(1)</sup> (%) . . . . .     | 44.6                                        | 50.3  | 74.1  | 23.5                                                   |
| Return on total assets <sup>(2)</sup> (%) . . . . | 4.6                                         | 4.0   | 9.1   | 7.9                                                    |
| Current ratio <sup>(3)</sup> (times) . . . . .    | 1.2                                         | 1.1   | 1.2   | 1.5                                                    |
| Gearing ratio <sup>(4)</sup> (%) . . . . .        | 423.5                                       | 714.9 | 362.4 | 115.9                                                  |

*Notes:*

- (1) Return on equity is calculated based on profit for the year/period divided by total equity as of the end of that year/period and multiplied by 100%.
- (2) Return on total assets is calculated based on profit for the year/period divided by total assets as of the end of that year/period and multiplied by 100%.
- (3) Current ratio is calculated based on current assets divided by current liabilities as of the same date.
- (4) Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%.

### Return on Equity

Our return on equity was 44.6%, 50.3%, 74.1% and 23.5% as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. Our return on equity decreased from 74.1% in 2019 to 23.5% in the six months ended June 30, 2020, primarily due to (i) the increase in our total equity as a result of a capital increase in 2020 as detailed under “History, Reorganization and Corporate Structure” and (ii) the fact that only profit for the first half of 2020 was taken into account in our calculation of return on equity for the six months ended June 30, 2020 as compared to full year effect in 2019. Our return on equity increased from 44.6% in 2017 to 50.3% in 2018, and further to 74.1% in 2019, mainly due to the increases in our net profit as a result of our continuous expansion which outweighed the increase in total equity during the same years.

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## FINANCIAL INFORMATION

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### Return on Total Assets

Our return on total assets was 4.6%, 4.0%, 9.1% and 7.9% as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The decrease in our return on total assets from 2017 to 2018 was mainly due to the increase in our total assets in relation to the issuance of ABN in 2018. The increase in our return on total assets from 2018 to 2019 was mainly due to the continuous increase in our net profit and a decrease in our total assets mainly as a result of a decrease in amount due from related parties. Despite our total assets decreased slightly as of June 30, 2020, the decrease in our return on total assets from 2019 to the six months ended June 30, 2020 was mainly due to the fact that only profits for the first half of 2020 were taken into account in our calculation of return on asset for the six months ended June 30, 2020 as compared to the full year effect in 2019.

### Current Ratio

Our current ratio decreased from 1.2 times as of December 31, 2017 to 1.1 times as of December 31, 2018, primarily due to the increase in our current assets. Our current ratio increased from 1.1 times as of December 31, 2018 to 1.2 times as of December 31, 2019 and further increased to 1.5 times as of June 30, 2020 mainly because the percentage increase in our current liabilities was outpaced by the increase in our current assets resulting from our business expansion. For details changes in our net current assets, refer to “—Current Assets and Current Liabilities.”

### Gearing Ratio

Our gearing ratio was approximately 423.5%, 714.9%, 362.4% and 115.9% as of December 31, 2017, 2018, 2019 and June 30, 2020, respectively. The increase in our gearing ratio from December 31, 2017 to December 31, 2018 was mainly due to the increase in our borrowings in connection with the ABN as of December 31, 2018. Our gearing ratio dropped as of December 31, 2019 and further dropped as of June 30, 2020 as we gradually settled and reduced our interest-bearing borrowings since 2019. Please see “—Indebtedness” for details.

### MARKET RISKS

We are exposed to a variety of market risks, including interest rate risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. Please see Note 3.1 to the Accountant’s Report in Appendix I to this prospectus for more information.

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## FINANCIAL INFORMATION

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### **Interest Rate Risk**

Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing borrowings. We do not use derivative financial instruments to hedge interest rate risk, and obtains all bank borrowings with a fixed rate.

### **Credit Risk**

We are exposed to credit risk in relation to our trade and other receivables, borrowings, interest receivables due from related parties and cash and cash equivalents. The carrying amounts of our trade and other receivables, borrowings, interest receivables due from related parties cash and cash equivalents represent our maximum exposure to credit risk in relation to financial assets.

For the trade receivables due from related parties, we expect that the credit risk associated is considered to be low, since the related parties have a strong capacity to meet contractual cash flow obligation in the near term. The impairment provision recognized during the Track Record Period was RMB24,650, RMB131,530, RMB201,758 and RMB376,378, respectively, for the trade receivables due from related parties.

For credit exposures to other receivables due from related parties, we had not encountered any significant difficulties in collecting from related parties in the past, and are not aware of any significant financial difficulties by the related parties.

For cash and cash equivalents, we expect that there is no significant credit risk since they are substantially deposited at state-owned banks or other medium-to-large sized banks. We do not expect that there will be any significant losses from non-performance by those counterparties.

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### Liquidity Risk

We aim to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings. Cash flows are closely monitored on an ongoing basis.

The following table sets forth the maturity profile of our financial liabilities as of December 31, 2017, 2018, 2019 and June 30, 2020 based on the contractual undiscounted payments:

|                                                                                                            | <u>Less than<br/>one year</u> | <u>Between<br/>one and<br/>two years</u> | <u>Between<br/>two and<br/>five years</u> | <u>Over<br/>five years</u> | <u>Total</u>            |
|------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------|-------------------------------------------|----------------------------|-------------------------|
|                                                                                                            | <i>RMB'000</i>                | <i>RMB'000</i>                           | <i>RMB'000</i>                            | <i>RMB'000</i>             | <i>RMB'000</i>          |
| <b>Financial liabilities</b>                                                                               |                               |                                          |                                           |                            |                         |
| As of December 31, 2017                                                                                    |                               |                                          |                                           |                            |                         |
| Borrowings . . . . .                                                                                       | 382,683                       | 384,170                                  | 472,244                                   | –                          | 1,239,097               |
| Trade and bill and<br>other payables<br>(excluding accrued<br>payroll and other<br>taxes payables) . . . . | 867,199                       | –                                        | –                                         | –                          | 867,199                 |
| Lease liabilities<br>(including interest<br>payments) . . . . .                                            | 312                           | 269                                      | 692                                       | 159                        | 1,432                   |
|                                                                                                            | <u><b>1,250,194</b></u>       | <u><b>384,439</b></u>                    | <u><b>472,936</b></u>                     | <u><b>159</b></u>          | <u><b>2,107,728</b></u> |
|                                                                                                            |                               |                                          |                                           |                            |                         |
|                                                                                                            | <u>Less than<br/>one year</u> | <u>Between<br/>one and<br/>two years</u> | <u>Between<br/>two and<br/>five years</u> | <u>Over<br/>five years</u> | <u>Total</u>            |
|                                                                                                            | <i>RMB'000</i>                | <i>RMB'000</i>                           | <i>RMB'000</i>                            | <i>RMB'000</i>             | <i>RMB'000</i>          |
| <b>Financial liabilities</b>                                                                               |                               |                                          |                                           |                            |                         |
| As of December 31, 2018                                                                                    |                               |                                          |                                           |                            |                         |
| Borrowings . . . . .                                                                                       | 659,170                       | 798,896                                  | 1,314,148                                 | –                          | 2,772,214               |
| Trade and bill and<br>other payables<br>(excluding accrued<br>payroll and other<br>taxes payables) . . . . | 1,093,629                     | –                                        | –                                         | –                          | 1,093,629               |
| Lease liabilities<br>(including interest<br>payments) . . . . .                                            | 2,162                         | 1,139                                    | 2,501                                     | –                          | 5,802                   |
|                                                                                                            | <u><b>1,754,961</b></u>       | <u><b>800,035</b></u>                    | <u><b>1,316,649</b></u>                   | <u><b>–</b></u>            | <u><b>3,871,645</b></u> |

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|                                                                                                            | <b>Less than<br/>one year</b> | <b>Between<br/>one and<br/>two years</b> | <b>Between<br/>two and<br/>five years</b> | <b>Over<br/>five years</b> | <b>Total</b>     |
|------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------|-------------------------------------------|----------------------------|------------------|
|                                                                                                            | <i>RMB'000</i>                | <i>RMB'000</i>                           | <i>RMB'000</i>                            | <i>RMB'000</i>             | <i>RMB'000</i>   |
| <b>Financial liabilities</b>                                                                               |                               |                                          |                                           |                            |                  |
| As of December 31, 2019                                                                                    |                               |                                          |                                           |                            |                  |
| Borrowings . . . . .                                                                                       | 798,896                       | 345,926                                  | 968,222                                   | –                          | 2,113,044        |
| Trade and bill and<br>other payables<br>(excluding accrued<br>payroll and other<br>taxes payables) . . . . | 1,253,312                     | –                                        | –                                         | –                          | 1,253,312        |
| Lease liabilities<br>(including interest<br>payments) . . . . .                                            | 1,513                         | 1,235                                    | 1,479                                     | –                          | 4,227            |
|                                                                                                            | <b>2,053,721</b>              | <b>347,161</b>                           | <b>969,701</b>                            | <b>–</b>                   | <b>3,370,583</b> |
|                                                                                                            | <b>Less than<br/>one year</b> | <b>Between<br/>one and<br/>two years</b> | <b>Between<br/>two and<br/>five years</b> | <b>Over<br/>five years</b> | <b>Total</b>     |
|                                                                                                            | <i>RMB'000</i>                | <i>RMB'000</i>                           | <i>RMB'000</i>                            | <i>RMB'000</i>             | <i>RMB'000</i>   |
| <b>Financial liabilities</b>                                                                               |                               |                                          |                                           |                            |                  |
| As of June 30, 2020                                                                                        |                               |                                          |                                           |                            |                  |
| Borrowings . . . . .                                                                                       | 1,508,457                     | –                                        | –                                         | –                          | 1,508,457        |
| Trade and bill and<br>other payables<br>(excluding accrued<br>payroll and other<br>taxes payables) . . . . | 584,924                       | –                                        | –                                         | –                          | 584,924          |
| Lease liabilities<br>(including interest<br>payments) . . . . .                                            | 1,323                         | 1,098                                    | 968                                       | –                          | 3,389            |
|                                                                                                            | <b>2,094,704</b>              | <b>1,098</b>                             | <b>968</b>                                | <b>–</b>                   | <b>2,096,770</b> |

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### RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties. Please see Note 33 to the Accountant's Report in Appendix I to this prospectus for a detailed discussion of related party transactions.

#### Significant Related Party Transactions

During the Track Record Period, we had the following significant transactions with related parties:

##### *Provision of services*

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we recorded revenue from provision of property management services and value-added service to non-property owners to related parties in the amount of RMB265.8 million, RMB383.1 million, RMB597.9 million and RMB329.6 million, respectively. These were property management services and value-added services to non-property owners provided to Jinke Property Group and joint ventures and associates of Jinke Property Group.

##### *Purchases of goods and services*

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we recorded purchases of merchandized goods and consulting management services from Jinke Property Group in the amount of RMB3.9 million, RMB8.8 million, RMB6.3 million and RMB1.2 million, respectively.

##### *Advances to related parties*

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we recorded advances to Jinke Property Group in the amount of nil, RMB3,123.9 million, RMB1,003.4 million and RMB398.0 million, respectively. Please see “—Indebtedness—Borrowings” in this section for more information.

##### *Repayments from related parties*

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we recorded repayments from Jinke Property Group in the amount of RMB482.2 million, RMB1,790.4 million, RMB1,491.5 million and RMB811.7 million, respectively.

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### *Interest income from related parties*

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we recorded interest from related parties in the amount of RMB107.3 million, RMB154.3 million, RMB186.4 million and RMB77.5 million, respectively.

### **Balances with Related Parties**

The table below sets forth the balances with related parties as of the dates indicated:

|                                         | As of December 31, |                  |                  | As of            |
|-----------------------------------------|--------------------|------------------|------------------|------------------|
|                                         | 2017               | 2018             | 2019             | June 30,         |
|                                         | RMB'000            | RMB'000          | RMB'000          | 2020             |
|                                         |                    |                  |                  | RMB'000          |
| <b>Amounts due from related parties</b> |                    |                  |                  |                  |
| <i>Trade receivables:</i>               |                    |                  |                  |                  |
| — Jinke Property Group . . . . .        | 16,453             | 54,811           | 125,338          | 193,289          |
| — Joint ventures and associates         |                    |                  |                  |                  |
| of Jinke Property . . . . .             | 2,465              | 12,075           | 16,792           | 35,008           |
| — Joint ventures of Jinke               |                    |                  |                  |                  |
| Services . . . . .                      | —                  | —                | —                | 147              |
|                                         | <u>18,918</u>      | <u>66,886</u>    | <u>142,130</u>   | <u>228,444</u>   |
| <i>Other receivables:</i>               |                    |                  |                  |                  |
| — Jinke Property Group . . . . .        | 1,601,367          | 3,167,687        | 2,854,258        | 1,805,449        |
| — Joint ventures and associates         |                    |                  |                  |                  |
| of Jinke Property . . . . .             | 33,177             | 34,336           | 33,174           | 36,459           |
| — A joint venture of Jinke              |                    |                  |                  |                  |
| Services . . . . .                      | —                  | —                | 166              | —                |
| <b>Total. . . . .</b>                   | <u>1,634,544</u>   | <u>3,202,023</u> | <u>2,887,598</u> | <u>1,841,908</u> |



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|                                                                | As of December 31, |                |                | As of<br>June 30, |
|----------------------------------------------------------------|--------------------|----------------|----------------|-------------------|
|                                                                | 2017               | 2018           | 2019           | 2020              |
|                                                                | RMB'000            | RMB'000        | RMB'000        | RMB'000           |
| <b>Amounts due to related parties</b>                          |                    |                |                |                   |
| <i>Trade payables:</i>                                         |                    |                |                |                   |
| — Jinke Property Group . . . . .                               | 337                | 566            | 43             | 1,095             |
| — Joint ventures and associates<br>of Jinke Property . . . . . | —                  | —              | —              | 62                |
| <i>Other payables:</i>                                         |                    |                |                |                   |
| — Jinke Property Group . . . . .                               | 617,138            | 696,725        | 736,716        | 29,085            |
| — Joint ventures and associates<br>of Jinke Property . . . . . | 2,149              | 2,233          | 2,055          | 217               |
| <b>Total . . . . .</b>                                         | <b>619,287</b>     | <b>698,958</b> | <b>738,771</b> | <b>29,302</b>     |

The following table sets forth our turnover days of trade receivables from related parties for the periods indicated:

|                                                                                            | For the year ended December 31, |         |         | For the<br>six months<br>ended<br>June 30, |
|--------------------------------------------------------------------------------------------|---------------------------------|---------|---------|--------------------------------------------|
|                                                                                            | 2017                            | 2018    | 2019    | 2020                                       |
|                                                                                            | RMB'000                         | RMB'000 | RMB'000 | RMB'000                                    |
| Average trade receivable from<br>related parties turnover<br>days <sup>(1)</sup> . . . . . | 22                              | 41      | 64      | 102                                        |

*Note:*

- (1) Average trade receivable turnover days for a certain year equals average trade receivables divided by revenue for the year and then multiplied by 365 for a full-year period or by 182 for a six-month period. Average trade receivables are calculated as trade receivables as of the beginning of the year/period plus trade receivables as of the end of the year/period, divided by two.

Our turnover days of trade receivables from related parties increased from 22 days in 2017 to 41 days in 2018, 64 days in 2019 and further to 102 days in the six months ended June 30, 2020, primarily due to the continuous increase in our trade receivables. The increase in our turnover days of trade receivables in the six months ended June 30, 2020 was also due to the extended payment schedule resulting from the impact of COVID-19.

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The following table sets forth an aging analysis of the trade receivables from related parties as of the dates indicated, based on the invoice date:

|                               | As of December 31, |                |                | As of<br>June 30, |
|-------------------------------|--------------------|----------------|----------------|-------------------|
|                               | 2017               | 2018           | 2019           | 2020              |
|                               | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Within one year . . . . .     | 17,798             | 65,025         | 141,667        | 225,714           |
| One to two years . . . . .    | 411                | 1,455          | 390            | 2,484             |
| Two to three years . . . . .  | 432                | 406            | 22             | 173               |
| Three to five years . . . . . | 277                | —              | 51             | 73                |
| <b>Total . . . . .</b>        | <b>18,918</b>      | <b>66,886</b>  | <b>142,130</b> | <b>228,444</b>    |

Our Directors are of the view that the related party transactions were conducted on a normal commercial terms and were fair and reasonable as a whole, and would not distort our track record results or make the historical results not reflective of our future performance. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our non-trade related amounts due from related parties amounted to RMB1,634.5 million, RMB3,202.0 million, RMB2,887.6 million and RMB1,841.9 million, respectively, and our non-trade related amounts due to related parties amounted to RMB619.3 million, RMB699.0 million, RMB738.8 million and RMB29.3 million, respectively. Please see “—Indebtedness” for further discussion on the amount due from Jinke Property during the Track Record Period. Our Directors confirm that all related party balances that are non-trade in nature had been fully settled as of August 31, 2020. Please see Note 33 to the Accountant’s Report in Appendix I to this prospectus for more information about related party transactions.

### DIVIDEND POLICY

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we distributed dividends in the aggregate amount of RMB67.2 million, RMB96.8 million, RMB146.7 million and nil, respectively. As of the Latest Practicable Date, we had not proposed payment of dividend for the year ended December 31, 2019 or for the months up to the Listing in the year ending December 31, 2020, nor formulated any plans as to whether such dividends would be paid to the pre-Listing shareholders. Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the shares. As of the Latest Practicable Date, we did not set any dividend payout ratio after the Listing. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividend paid by us, future prospects and other factors which we consider relevant. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of our Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Board will review the dividend policy on an annual basis.

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### DISTRIBUTABLE RESERVES

As of June 30, 2020, our Group had retained profits of RMB301.2 million under HKFRS, as reserves available for distribution to our equity shareholders.

### DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

### 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 RMB174.8 million (HK\$203.1 million), accounting for approximately 3.4% of the gross proceeds from the Global Offering (based on the mid-point of the indicative Offer Price range, before the exercise of the Over-allotment Option). Of our total listing expenses, RMB164.0 million (HK\$190.5 million) is expected to be accounted for as a deduction from equity upon completion of the Listing. The fees and expenses of RMB10.8 million (HK\$12.6 million) are expected to be charged to our profit or loss account subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors expect that our Listing expenses will not have a material adverse impact on our financial performance for year ending December 31, 2020.

### UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to the owners of our Company as of June 30, 2020 as if the Global Offering had taken place on that date.

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The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company have been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of our Group had the Global Offering been completed as of June 30, 2020 or at any future dates. It is prepared based on the consolidated net assets of our Group as of June 30, 2020 as set out in the Accountant's Report of our Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets does not form part of the Accountant's Report.

|                              | Audited<br>consolidated<br>net tangible<br>assets<br>attributable<br>to owners of<br>our Company<br>as of<br>June 30,<br>2020 <sup>(1)</sup> | Estimated net<br>proceeds<br>from the<br>Global<br>Offering <sup>(2)</sup> | Unaudited<br>pro forma<br>adjusted<br>consolidated<br>net tangible<br>assets<br>attributable<br>to owners of<br>our Company<br>as of<br>June 30,<br>2020 | Unaudited pro forma adjusted<br>consolidated net tangible<br>assets per Share <sup>(3)(4)</sup> |       |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------|
|                              | RMB'000                                                                                                                                      | RMB'000                                                                    | RMB'000                                                                                                                                                  | RMB                                                                                             | HK\$  |
| Based on an Offer Price of   |                                                                                                                                              |                                                                            |                                                                                                                                                          |                                                                                                 |       |
| HK\$41.8 per H Share . . . . | 1,248,465                                                                                                                                    | 4,617,057                                                                  | 5,865,522                                                                                                                                                | 9.27                                                                                            | 10.76 |
| Based on an Offer Price of   |                                                                                                                                              |                                                                            |                                                                                                                                                          |                                                                                                 |       |
| HK\$47.6 per H Share . . . . | 1,248,465                                                                                                                                    | 5,263,444                                                                  | 6,511,909                                                                                                                                                | 10.29                                                                                           | 11.95 |

*Notes:*

- (1) The audited consolidated net tangible assets attributable to owners of our Company as of June 30, 2020 are extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated equity attributable to owners of our Company as of June 30, 2020 of approximately RMB1,254,931,000, with an adjustment for the intangible assets attributable to the owners of our Company as of June 30, 2020 of approximately RMB6,466,000.
- (2) The estimated net proceeds from the Global Offering are based on 132,911,400 H shares and the indicative Offer Price of HK\$41.8 and HK\$47.6 per H Share after deduction of the estimated underwriting fees and other related expenses payable by us, and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 632,911,400 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB1 to HK\$1.1615. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2020.

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### **DIRECTORS' CONFIRMATION ON NO MATERIAL AND ADVERSE CHANGE**

In terms of financial impact, due to the outbreak of COVID-19, we mainly experienced certain increases (i) in gross profit margin for value-added services to non-property owners, (ii) other income, due to, in part, certain benefits or relief measures granted by local governments in relation to COVID-19, and a decrease in (i) selling and marketing expenses due to optimization of sales staff structure, and (ii) traveling and entertainment expenses as part of our administrative expenses due to a decrease in traveling activities for the first half of 2020 as compared to the same of the first half of 2019, respectively. See “Financial Information—Results of Operations—Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019” for more details. Save as the abovementioned financial impact, our Directors confirm that, subsequent to the Track Record Period and up to the Latest Practicable Date, there has been no material financial impact on our financial position and results of operations. After due and careful consideration, save as disclosed in “Business—Effects of the COVID-19 outbreak” in this prospectus, our Directors confirm that, up to the date of this prospectus, there has been no material and adverse change in our financial and trading position or prospects since June 30, 2020, and there is no event since June 30, 2020 that would materially affect the information shown in the Accountant’s Report, the text of which is set forth in Appendix I to this prospectus.

## CORNERSTONE INVESTORS

### THE CORNERSTONE PLACING

The Company has entered into cornerstone investment agreements with the following investors (collectively “**Cornerstone Investors**”, and each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors in aggregate have agreed to subscribe<sup>(1)</sup> such number of Offer Shares as may be purchased with an investment amount of Hong Kong dollars equivalent of approximately HK\$2,673.7 million (rounded down to the nearest whole board lot) (the “**Cornerstone Placing**”).

| Investment Amount | Hong Kong dollar equivalent <sup>(1)</sup> | Total number of Offer Shares to be subscribed by the Cornerstone Investors <sup>(2)</sup> | Assuming the Over-allotment Option is not exercised                                                                              | Assuming the Over-allotment Option is exercised in full |                                                                                                                                  |                                                |
|-------------------|--------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
|                   |                                            |                                                                                           | Percentage of the total Shares held in the total share capital of the Company immediately upon completion of the Global Offering | Percentage of the total number of Offer Shares          | Percentage of the total Shares held in the total share capital of the Company immediately upon completion of the Global Offering | Percentage of the total number of Offer Shares |
| (US\$)            | (HK\$)                                     |                                                                                           | (approximate)                                                                                                                    | (approximate)                                           | (approximate)                                                                                                                    | (approximate)                                  |

Based on the Offer Price of:

HK\$41.8 (being the low-end of the indicative Offer Price Range)

|                                               |              |                 |            |       |        |       |       |
|-----------------------------------------------|--------------|-----------------|------------|-------|--------|-------|-------|
| 1 Taikang Life                                | \$75 million | \$581.2 million | 13,905,100 | 2.20% | 10.46% | 2.13% | 9.10% |
| 2 Gaoling Fund, L.P. and YHG Investment, L.P. | \$50 million | \$387.5 million | 9,270,000  | 1.46% | 6.97%  | 1.42% | 6.06% |
| 3 Snow Lake China Master Fund, Ltd            | \$50 million | \$387.5 million | 9,270,000  | 1.46% | 6.97%  | 1.42% | 6.06% |
| 4 CICC Grandeur Fund                          | \$50 million | \$387.5 million | 9,270,000  | 1.46% | 6.97%  | 1.42% | 6.06% |
| 5 UBSAM                                       | \$30 million | \$232.5 million | 5,562,000  | 0.88% | 4.18%  | 0.85% | 3.64% |
| 6 MWAL                                        | \$30 million | \$232.5 million | 5,562,000  | 0.88% | 4.18%  | 0.85% | 3.64% |
| 7 AMF                                         | \$30 million | \$232.5 million | 5,562,000  | 0.88% | 4.18%  | 0.85% | 3.64% |
| 8 WT                                          | \$10 million | \$77.5 million  | 1,854,000  | 0.29% | 1.39%  | 0.28% | 1.21% |
| 9 3W                                          | \$10 million | \$77.5 million  | 1,854,000  | 0.29% | 1.39%  | 0.28% | 1.21% |
| 10 China Orient Multi-Strategy Master Fund    | \$10 million | \$77.5 million  | 1,854,000  | 0.29% | 1.39%  | 0.28% | 1.21% |

## CORNERSTONE INVESTORS

|                                                                           |                                                  |                                                                                                       | Assuming the Over-allotment<br>Option is not exercised                                    |                                                         | Assuming the Over-allotment<br>Option is exercised in full                                |                                                         |
|---------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------|
|                                                                           |                                                  |                                                                                                       | Percentage of<br>the total Shares<br>held in the total<br>share capital of<br>the Company | Percentage of<br>the total<br>number of<br>Offer Shares | Percentage of<br>the total Shares<br>held in the total<br>share capital of<br>the Company | Percentage of<br>the total<br>number of<br>Offer Shares |
| Investment<br>Amount                                                      | Hong Kong<br>dollar<br>equivalent <sup>(1)</sup> | Total number of<br>Offer Shares to<br>be subscribed by<br>the Cornerstone<br>Investors <sup>(2)</sup> | immediately upon<br>completion of the<br>Global Offering                                  | number of<br>Offer Shares                               | immediately upon<br>completion of the<br>Global Offering                                  | number of<br>Offer Shares                               |
| (US\$)                                                                    | (HK\$)                                           |                                                                                                       | (approximate)                                                                             | (approximate)                                           | (approximate)                                                                             | (approximate)                                           |
| <b>HK\$44.7 (being the mid-point of the indicative Offer Price Range)</b> |                                                  |                                                                                                       |                                                                                           |                                                         |                                                                                           |                                                         |
| 1 Taikang Life                                                            | \$75 million                                     | \$581.2 million                                                                                       | 13,003,000                                                                                | 2.05%                                                   | 9.78%                                                                                     | 8.51%                                                   |
| 2 Gaoling Fund, L.P. and<br>YHG Investment, L.P.                          | \$50 million                                     | \$387.5 million                                                                                       | 8,668,600                                                                                 | 1.37%                                                   | 6.52%                                                                                     | 5.67%                                                   |
| 3 Snow Lake China Master<br>Fund, Ltd                                     | \$50 million                                     | \$387.5 million                                                                                       | 8,668,600                                                                                 | 1.37%                                                   | 6.52%                                                                                     | 5.67%                                                   |
| 4 CICC Grandeur Fund                                                      | \$50 million                                     | \$387.5 million                                                                                       | 8,668,600                                                                                 | 1.37%                                                   | 6.52%                                                                                     | 5.67%                                                   |
| 5 UBSAM                                                                   | \$30 million                                     | \$232.5 million                                                                                       | 5,201,200                                                                                 | 0.82%                                                   | 3.91%                                                                                     | 3.40%                                                   |
| 6 MWAL                                                                    | \$30 million                                     | \$232.5 million                                                                                       | 5,201,200                                                                                 | 0.82%                                                   | 3.91%                                                                                     | 3.40%                                                   |
| 7 AMF                                                                     | \$30 million                                     | \$232.5 million                                                                                       | 5,201,200                                                                                 | 0.82%                                                   | 3.91%                                                                                     | 3.40%                                                   |
| 8 WT                                                                      | \$10 million                                     | \$77.5 million                                                                                        | 1,733,700                                                                                 | 0.27%                                                   | 1.30%                                                                                     | 1.13%                                                   |
| 9 3W                                                                      | \$10 million                                     | \$77.5 million                                                                                        | 1,733,700                                                                                 | 0.27%                                                   | 1.30%                                                                                     | 1.13%                                                   |
| 10 China Orient Multi-Strategy<br>Master Fund                             | \$10 million                                     | \$77.5 million                                                                                        | 1,733,700                                                                                 | 0.27%                                                   | 1.30%                                                                                     | 1.13%                                                   |
| <b>HK\$47.6 (being the high-end of the indicative Offer Price Range)</b>  |                                                  |                                                                                                       |                                                                                           |                                                         |                                                                                           |                                                         |
| 1 Taikang Life                                                            | \$75 million                                     | \$581.2 million                                                                                       | 12,210,800                                                                                | 1.93%                                                   | 9.19%                                                                                     | 7.99%                                                   |
| 2 Gaoling Fund, L.P. and<br>YHG Investment, L.P.                          | \$50 million                                     | \$387.5 million                                                                                       | 8,140,500                                                                                 | 1.29%                                                   | 6.12%                                                                                     | 5.33%                                                   |
| 3 Snow Lake China Master<br>Fund, Ltd                                     | \$50 million                                     | \$387.5 million                                                                                       | 8,140,500                                                                                 | 1.29%                                                   | 6.12%                                                                                     | 5.33%                                                   |
| 4 CICC Grandeur Fund                                                      | \$50 million                                     | \$387.5 million                                                                                       | 8,140,500                                                                                 | 1.29%                                                   | 6.12%                                                                                     | 5.33%                                                   |
| 5 UBSAM                                                                   | \$30 million                                     | \$232.5 million                                                                                       | 4,884,300                                                                                 | 0.77%                                                   | 3.67%                                                                                     | 3.20%                                                   |
| 6 MWAL                                                                    | \$30 million                                     | \$232.5 million                                                                                       | 4,884,300                                                                                 | 0.77%                                                   | 3.67%                                                                                     | 3.20%                                                   |
| 7 AMF                                                                     | \$30 million                                     | \$232.5 million                                                                                       | 4,884,300                                                                                 | 0.77%                                                   | 3.67%                                                                                     | 3.20%                                                   |
| 8 WT                                                                      | \$10 million                                     | \$77.5 million                                                                                        | 1,628,100                                                                                 | 0.26%                                                   | 1.22%                                                                                     | 1.07%                                                   |
| 9 3W                                                                      | \$10 million                                     | \$77.5 million                                                                                        | 1,628,100                                                                                 | 0.26%                                                   | 1.22%                                                                                     | 1.07%                                                   |
| 10 China Orient Multi-Strategy<br>Master Fund                             | \$10 million                                     | \$77.5 million                                                                                        | 1,628,100                                                                                 | 0.26%                                                   | 1.22%                                                                                     | 1.07%                                                   |

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## CORNERSTONE INVESTORS

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*Notes:*

1. Calculated based on an exchange rate of US\$1.00:HK\$7.7498 as described in “Information about the Prospectus and the Global Offering – 16. Exchange Rate Conversion” in this prospectus. The actual investment amount of the relevant Cornerstone Investors may change due to the actual exchange rate to be used as prescribed in the cornerstone investment agreements.
2. The actual number of Offer Shares allocated to each Cornerstone Investor may vary due to the actual exchange rate as determined pursuant to the terms of the cornerstone investment agreements, subject to rounding down to the nearest whole board lot of 100 Offer Shares.

To the best knowledge of the Company, each of the Cornerstone Investors and their respective ultimate beneficial owner(s) or ultimate controlling shareholder(s) (as the case may be) is independent of each other, independent of the Company, its connected persons and their respective associates, and not an existing shareholder or close associates of the Company. In addition, the Company confirms that (i) there is no side agreements or arrangements between the Group and each of the Cornerstone Investors entered into between the Group and the Cornerstone Investors for the purpose of the Cornerstone Placing; (ii) it became acquainted with each of the Cornerstone Investors through introduction by the relevant Underwriters in the Global Offering; (iii) none of the Cornerstone Investors is accustomed to take instructions from our Company, its subsidiaries, our Directors, chief executive, Controlling Shareholder, substantial Shareholders, existing Shareholders or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iv) none of the subscription of the H Shares by any of the Cornerstone Investors is financed by our Company, its subsidiaries, our Directors, chief executive, Controlling Shareholder, substantial shareholders, existing Shareholders or any of their respective close associates. Save as otherwise disclosed below, as confirmed by each Cornerstone Investor, their subscription under the Cornerstone Placing would be financed by their own internal financial resources and/or the financial resources of their fund subscribers.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around Monday, November 16, 2020.

The Cornerstone Placing forms part of the International Offering. The Company is of the view that the investments of the Cornerstone Investors in the Company demonstrate to the potential investors that they are confident in the Company’s business and prospect. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). All Cornerstone Investors will be counted as part of the public float. The total number of Offer Shares to be subscribed for by the Cornerstone Investors may



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## CORNERSTONE INVESTORS

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be adjusted by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure and Conditions of the Global Offering – The Hong Kong Public Offering”.

Pursuant to the terms of the cornerstone investment agreements entered into with each Cornerstone Investor, the JGC Representatives and the relevant Underwriter (as the case may be) (the “**Joint Representatives**”) have the right to defer delivery of Offer Shares to be subscribed by each of the Cornerstone Investors in order to facilitate the stabilization by the Stabilizing Manager as well as to cover over-allocations in the International Offering. It is expected that the number of H Shares that could potentially be subject to deferred delivery will not be more than 19,936,700 H Shares. The latest time for delivery will be five Business Days from the expiry date for the exercise of the Over-allotment Option. None of the Cornerstone Investors will be able to defer settlement in payment and shall nevertheless pay for the relevant Offer Shares before dealings in the H Shares on the Stock Exchange commence.

### CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

#### **Taikang Life**

Taikang Life Insurance Co., Ltd (“**Taikang Life**”), a company incorporated in China, is a wholly owned subsidiary of Taikang Insurance Group. Taikang Life provides a full range of personal security and investment and wealth management products and services for individuals and families. The products on offer correspond to the different requirements of customers in terms of market segments such as the children and teenagers, females and high-income population groups. They also meet multidimensional demands regarding health care and accident cover, pensions and wealth management, among others. Taikang Insurance Group is an insurance and financial service conglomerate focused on insurance, asset management and health and elderly care as main businesses. The Beijing-headquartered company consists of several subsidiaries including Taikang Life, Taikang AMC, Taikang Pension, Taikang Healthcare, Taikang Health, and TK.CN. Its product offering covers life insurance, internet-based financial insurance, enterprise annuity, asset management, health and elderly care, health management and commercial real estate, among others.

#### **Gaoling Fund, L.P. and YHG Investment, L.P.**

Gaoling Fund, L.P. and YHG Investment, L.P. are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital Advisors, Ltd. (“**Hillhouse Capital**”) serves as the sole investment manager of Gaoling Fund, L.P. and the general partner of YHG Investment, L.P. Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business

franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

### **Snow Lake China Master Fund, Ltd.**

Snow Lake China Master Fund, Ltd. is an exempted company established under the laws of the Cayman Islands.

Snow Lake Capital (HK) Limited ("**Snow Lake Capital**"), a Hong Kong incorporated company, serves as the investment manager of Snow Lake China Master Fund, Ltd. Snow Lake Capital, together with its affiliates, is an Asian alternative investment management firm founded in 2009. The firm employs a long-term fundamental investment approach, leveraging its in-house proprietary research capabilities and disciplined investment process in selecting high quality businesses with forward-thinking management. Snow Lake Capital mainly invests in leading companies in the TMT, consumer, healthcare, financial services and real estate sectors. Snow Lake Capital manages capital mainly for institutional clients globally, including endowments, foundations, sovereign wealth funds and pensions.

### **CICC Grandeur Fund**

CICC Grandeur (Xiamen) Equity Investment Fund Partnership (L.P.) ("**CICC Grandeur Fund**") is incorporated in 2017 and registered as a private investment fund under the regulations of Asset Management Association of China. CICC Capital Management Co., Ltd. ("**CICC Capital**"), a wholly-owned subsidiary and the sole private investment arm of China International Capital Corporation Limited, serves as its fund manager. With total committed capital of RMB30 billion, CICC Grandeur Fund invests in top-notch venture capital or private equity funds as well as leading China-based companies across a wide range of sectors, including, but not limited to consumer, information technology, healthcare and advanced manufacturing.

### **UBSAM**

UBS Asset Management (Singapore) Limited ("**UBSAM**"), a company incorporated in Singapore, in its capacity as investment advisor of, and for and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited ("**Nineteen77**"), has agreed to subscribe for the Offer Shares. UBSAM is a wholly-owned subsidiary of UBS Asset Management AG, which in turn is a wholly-owned subsidiary of UBS AG which in turn is a wholly-owned subsidiary of UBS Group AG, a company listed on the New York Stock Exchange (NYSE: UBS) and the Six Swiss

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## CORNERSTONE INVESTORS

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Exchange (SWX: UBSG). The investment objective of Nineteen77 is to realize consistently high risk-adjusted appreciation in the value of its assets through various investment strategies. As of December 31, 2019, the total assets of Nineteen77 amounted to approximately US\$5.2 billion.

### **MWAL**

Marshall Wace Asia Limited (“**MWAL**”) is the investment manager of the MWIS Global Financials Market Neutral Fund and MWIS Global Opportunities Fund and delegated investment manager of the MWIS Eureka Fund, MWIS Market Neutral TOPS Fund, MWIS TOPS Emerging Markets Alpha Fund and MWIS TOPS Emerging Markets Absolute Return Fund (“**MW Funds**”), which are sub-trusts of Marshall Wace Investment Strategies, an umbrella unit trust established under the laws of Ireland.

MWAL is a limited liability company established under the laws of Hong Kong. It is authorized and regulated by the Securities and Futures Commission of Hong Kong. A subsidiary of KKR & Co. Inc (a company listed on the New York Stock Exchange (NYSE: KKR)) indirectly holds a 39.6% ownership interest in MWAL and there are no other beneficial owners who holds 25% or more direct or indirect ownership interest in MWAL. Its main activity is the provision of investment management services to collective investment schemes. As of October 1, 2020, the Marshall Wace group had global assets under management of approximately US\$48.2 billion.

MW Funds may obtain external financing to finance its subscription of the Offer Shares. Offer Shares to be subscribed for by MW Funds will be held in a prime brokerage account in the name of MW Funds with UBS AG (or any of its affiliates), a prime broker who is not an underwriter (or its affiliates) of the Global Offering, and will be charged to UBS AG (or any of its affiliates) as security for MW Funds’ obligations to UBS AG (or any of its affiliates). Under the terms of the prime brokerage relationship, upon the occurrence of certain customary events of default, MW Funds may be required to discharge their obligations to UBS AG (or any of its affiliates) and UBS AG (or any of its affiliates) may therefore have the right to enforce their security interest by way of appropriation or foreclosure or exercising a power of sale over the Offer Shares subject to such charge at any time upon the occurrence of such an event of default, save that UBS AG (or any of its affiliates) undertakes not to dispose of the relevant Offer Shares until after the date falling six months after Listing Date.

### **AMF**

Aspex Master Fund (“**AMF**”) is a Cayman Islands exempted company incorporated with limited liability operating as a private investment fund, which is managed by Aspex Management (HK) Limited. The investment objective of AMF is to achieve attractive absolute returns over the medium-to long-term horizon through a bottom-up, research intensive, fundamentally-driven equity investment strategy focused on companies based in or heavily exposed to the Pan-Asia region. The ultimate beneficial owner of AMF is an individual who is an Independent Third Party. The individual is a licensed representative and responsible

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## CORNERSTONE INVESTORS

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officer under the SFO. Prior to AMF, he was an executive managing director and head of Asia equities of an international fund house, and was responsible for, among other things, overseeing Asia equities and private investments across the firm.

### WT

WT Asset Management Limited (“**WT**”) is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on type 9 (asset management) regulated activity. WT is beneficially owned as to 100% by an individual, Mr. Wong Tongshu, an Independent Third Party. WT has agreed to procure certain investors, namely WT China Fund Limited and/or WT China Focus Fund (the “**WT Funds**”), that WT has discretionary investment management power over, to subscribe for the Offer Shares. The WT Funds are managed by WT as investment manager or investment advisor. The WT Funds pursue to achieve absolute return and long-term capital appreciation by investing primarily in the listed securities of companies which have great exposure or material impact by the Greater China region (which includes the PRC, Hong Kong, Macau and Taiwan). Investors of the WT Funds include but not limited to pension funds, sovereign wealth funds, fund of funds, family offices and other sophisticated institutional investors. As of September 30, 2020, the assets under management by WT amounted to approximately US\$2.23 billion.

### 3W

3W Fund Management Limited (“**3W**”) is incorporated in Hong Kong with limited liability and licensed by the SFC to carry out type 9 (asset management) regulated activity. 3W is ultimately owned by an individual who is an Independent Third Party. 3W has agreed to procure certain investors, namely 3W Greater China Focus Fund and 3W Global Fund, that 3W has discretionary investment management power over, to subscribe for the Offer Shares. 3W Greater China Focus Fund and 3W Global Fund pursue to maximize absolute return and seek long-term capital growth primarily through fundamental investment principle with value approach.

### China Orient Multi-Strategy Master Fund

China Orient Multi-Strategy Master Fund is a company incorporated in the Cayman Islands and is managed by China Orient International Asset Management Limited (“**China Orient**”). China Orient was incorporated in Hong Kong and is an indirect wholly-owned subsidiary of China Orient Asset Management Co., Ltd. (“**COAMC**”). COAMC’s predecessor, China Orient Asset Management Corporation, was one of the big-four asset management companies established by China Ministry of Finance in 1999. In 2016, it completed the shareholding restructuring and changed its name to its current name. COAMC’s business includes a variety of financial services, such as non-performing assets, insurance, banking, securities, trust, credit rating and investment etc.

**CONSENT FOR ALLOCATION OF OFFER SHARES TO A CONNECT CLIENT OF CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED**

In connection with the cornerstone investment by CICC Grandeur Fund, CICC Grandeur Fund has engaged China International Capital Corporation Limited as agent and discretionary investment manager of CICC Qirong No.1 QDII Specific Asset Management Plan (中金啟融1號QDII定向資產管理計劃) (“**CICC QDII**”), a qualified domestic institutional investor manager, to subscribe for and hold its H shares on a discretionary basis on behalf of CICC Grandeur Fund. As (i) CICC Grandeur Fund is managed by CICC Capital Management Co., Ltd. which is a wholly-owned subsidiary of China International Capital Corporation Limited; (ii) China International Capital Corporation Hong Kong Securities Limited (“**CICC HKS**”), one of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, is an indirect wholly-owned subsidiary of China International Capital Corporation Limited, each of CICC Grandeur Fund and CICC QDII is a “connected client” of CICC HKS under paragraph 13(7) of Appendix 6 to the Listing Rules. Accordingly, the participation of CICC Grandeur Fund through CICC QDII as a cornerstone investor is subject to the consent under paragraph 13(7) of Appendix 6 to the Listing Rules from the Stock Exchange.

The Company confirmed that (i) the cornerstone investment agreement entered into with CICC Grandeur Fund does not contain any material terms which are more favorable to CICC Grandeur Fund or CICC QDII than those in other cornerstone investment agreements; and (ii) CICC Grandeur Fund is an Independent Third Party.

In addition, other than the preferential treatment of assured entitlement under such cornerstone investment agreement, (a) each of the Company and CICC HKS, and to the best knowledge and belief, each of the Joint Bookrunners, confirmed that (i) CICC HKS has not participated, and will not participate, in the decision-making process or relevant discussions among the Company and the other Underwriters as to whether the CICC Grandeur Fund will be selected as a cornerstone investor; and (ii) no preferential treatment has been, nor will be, given to CICC Grandeur Fund or CICC QDII by virtue of its relationship with CICC HKS as distributor, and details of the allocation will be disclosed in this prospectus and the allotment results announcement to be published by our Company; (b) each of CICC Grandeur Fund and CICC QDII confirmed that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of the Offer Shares under the Global Offering as a cornerstone investor by virtue of its relationship with CICC HKS; and (c) the Joint Sponsors confirmed that, based on their discussion with the Company, CICC HKS, and the Joint Bookrunners, the confirmations (a) and (b) above and to the best of their knowledge and belief, they have no reason to believe that CICC Grandeur Fund or CICC QDII has received any preferential treatment in the allocation of the Offer Shares under the Global Offering as a cornerstone investor by virtue of its relationship with CICC HKS, and details of the allocation will be disclosed in this prospectus and the allotment results announcement to be published by our Company.

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## **CORNERSTONE INVESTORS**

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An application has been made to the Stock Exchange, and the Stock Exchange has granted us, a consent under paragraph 5(1) of Appendix 6 of the Listing Rules to allow the Offer Shares to be allocated to CICC QDII (to be held on behalf of CICC Grandeur Fund) as a “connected client” of CICC HKS.

### **CONDITIONS PRECEDENT**

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent: (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) and not having been terminated; (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the H Shares and that such approval or permission not having been revoked; and (iii) no laws having been enacted or promulgated by any Governmental Authority (as defined in the relevant cornerstone investment agreement) which prohibits the consummation of the transactions contemplated in the Global Offering, or the cornerstone investment agreement and there shall be no orders nor injunctions from a court of competent jurisdiction having been in effect precluding or prohibiting consummation of such transactions.

For the Cornerstone Investor which is a listed company, or having a parent company which is a listed company, as confirmed by the relevant Cornerstone Investor, there is no requirement for them to obtain any approval from the relevant stock exchange.

### **RESTRICTIONS ON THE CORNERSTONE INVESTORS’ INVESTMENT**

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company, the Joint Sponsors and the relevant Underwriter(s), it will not, whether directly or indirectly, at any time during the period of six (6) months starting from and inclusive of the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the relevant Offer Shares it has purchased pursuant to the relevant cornerstone investment agreement, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary or affiliate of such Cornerstone Investor who will be bound by the same obligations of such Cornerstone Investor.



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## FUTURE PLANS AND USE OF PROCEEDS

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Please see “Business— Business Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$5,738.1 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Overallotment Option is not exercised and assuming an Offer Price of HK\$44.7 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60%, or approximately HK\$3,442.8 million, will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and the depth and breadth of our geographic coverage, among which, (i) approximately 20%, or approximately HK\$1,147.6 million, will be used to invest in or acquire property management companies with a total revenue for the latest financial year exceeding approximately RMB30.0 million, which manage quality residential properties which meet our selection criteria discussed below, with a total GFA under management of no less than approximately 3,000,000 sq.m., potential to increase its net profit margin (or improve operational efficiency), at least a geographic coverage that is focused on properties located in Southwestern China, Central China and/or Eastern China and independent of any property developers in the PRC (ii) approximately 30%, or HK\$1,721.42 million, will be used to invest in or acquire companies with a total revenue for the most recent financial year not less than approximately RMB20.0 million, the necessary experiences, qualifications and/or existing projects involving the provision of property management services to non-residential properties as discussed below, such as public facilities, educational institutions and/or hospitals, with a geographical coverage that is focused on properties located in Southwestern China, Central China and/or Eastern China and independent of any property developers in the PRC; and (iii) approximately 10%, or approximately HK\$573.8 million, will be used to invest in, acquire suitable targets with business that we believe would be complementary to our existing services and help us further integrate our upstream and downstream resources, such as catering services, with a total net profit for the year not less than approximately RMB5.0 million and a reputable brand name. Our main criteria for target residential projects include, among others, (i) project locations that are in line with our business strategies in terms of geographical coverage; (ii) having market positioning as mid- to high-end properties; (iii) sustained profitability and (iv) no material non-compliance issues or pending legal proceedings. Our main criteria for target non-residential projects include, among others, (i) project locations that are in line with our business strategies in terms of geographical coverage; (ii) locations in regions with strong potential development, and (iii) sustained profitability. We will carefully evaluate suitable opportunities when they arise, with a focus on the operational management

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## FUTURE PLANS AND USE OF PROCEEDS

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and profitability of target projects. According to CIA, based on the data available to it for 2019, the property management companies among the Top 100 Property Management Companies in the PRC that meet our criteria to be considered as available targets was approximately ten property management companies for (i) above and approximately 15 property management companies for (ii) above. Please see “Business—Business Strategies—Focus on core regions, solidify our leading market position through expansion in geographical coverage and business scale” in for more information. As of the Latest Practicable Date, we had not identified or committed to any investment or acquisition targets for our use of net proceeds from the Global Offering;

- approximately 10%, or approximately HK\$573.8 million will be used to upgrade our systems for digitization and smart management, among which, (i) approximately 7%, or HK\$401.7 million, will be used to develop and upgrade hardware and software for the continuous upgrade and improvement of our comprehensive and intelligent operational systems to improve our standardization, digitalization and intelligence levels of our operational systems to achieve better, more cohesive and efficient management for our services. We plan to achieve this by improving and further upgrading our central database and servers of midway platforms, i.e. Business Midway Platform, Internet of Things Midway Platform, Data Midway Platform and/or AI Midway Platform, to support larger-scale user interactions, improve data collection and analytic capabilities to more effectively identify residents’ demands at the properties under our management, strengthen the control on service quality of our staff by monitoring daily operations and establishing KPI integration system to evaluate staff performance, enhancing the data encryption system associated with the database and midway platforms, to facilitate smoother and more efficient internal communications and coordination and minimize human errors through enhanced digitalized documentation; (ii) approximately 3%, or HK\$172.1 million, will be used for the development and improvement of our intelligent management systems so as to achieve more precise and prompt communications within our Group and with our external parties to effectively transmit information and enhance user experiences;
- approximately 20%, or HK\$1,147.6 million, will be used to further develop our value-added services, among which, (i) approximately 15%, or HK\$860.7 million, will be used to strategically develop our upstream and downstream services, including group meals services, community education services, laundry services and nursing and elderly care services, in order to satisfy the customers’ evolving demands, enhance our brand name and continue to strengthen our competitiveness, and (ii) approximately 5%, or HK\$286.9 million, will be used to upgrade hardware and develop smart community to enhance the operational efficiency and user experience for our community value-added services. We plan to achieve this, among others, by further upgrading functions of our parking lot, surveillance system and



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## FUTURE PLANS AND USE OF PROCEEDS

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service equipment, so as to improve our overall operational efficiency, and by offering smart express delivery and/or other 24-hour convenient shopping services within the community to increase the quality of user experience; and

- approximately 10%, or approximately HK\$573.8 million, will be used for general business operations and working capital.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range or the Over-allotment Option is exercised.

If the Offer Price is determined at HK\$47.6 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\$375.4 million. If the Offer Price is fixed at HK\$41.8 per Offer Share, being the low end of the indicative Offer Price range stated in this prospectus, the net proceeds we receive will be reduced by approximately HK\$375.4 million.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares will be approximately HK\$868.0 million, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK\$44.7 per Share, being the mid-point of the indicative Offer Price range.

To the extent that the net proceeds from the Global Offering are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to deposit the proceeds into accounts with licensed financial institutions. We will make a formal announcement in the event that there is any change in our use of net proceeds from the purposes stated above or in our allocation of the net proceeds in the proportions stated above.

## FUTURE PLANS AND USE OF PROCEEDS

### IMPLEMENTATION PLAN

The following table sets out approximate amount and timeframe for each expansion plan. Investors should note that the following implementation plan was formulated on the bases and assumptions referred to in “—Bases and Assumptions” below. The bases and assumptions outlined are inherently subject to uncertainties, particularly those outlined in the section headed “Risk Factors” in this prospectus. Our actual course of business may vary from the business strategies set forth in this prospectus due to unforeseeable events, and there can be no assurance that we will accomplish our business strategies in a timely manner, or at all.

| Major Categories                                   | Percentage<br>of Total | Percentage<br>of Total | Sub-categories                                                                                                                         | Timeframe                                                                                          | Amount of<br>Total Proceeds<br><i>(HK\$ in<br/>millions)</i> |
|----------------------------------------------------|------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
|                                                    | Proceeds               | Amount of<br>Proceeds  |                                                                                                                                        |                                                                                                    |                                                              |
| Strategic Investments and<br>Acquisitions. . . . . | 60%                    | 3,442.8                | Companies that manage<br>residential properties that<br>meet our selection criteria<br>as discussed in “—Use of<br>Proceeds” above     | October 2020 to September 2021<br>October 2021 to September 2022<br>October 2022 to September 2023 | 344.3<br>430.4<br>373.0                                      |
|                                                    | 30%                    |                        | Companies that manage<br>non-residential properties<br>that meet our selection<br>criteria as discussed in<br>“—Use of Proceeds” above | October 2020 to September 2021<br>October 2021 to September 2022<br>October 2022 to September 2023 | 459.1<br>688.6<br>573.8                                      |
|                                                    |                        |                        |                                                                                                                                        |                                                                                                    |                                                              |

## FUTURE PLANS AND USE OF PROCEEDS

| Major Categories                                                   | Percentage of Total Proceeds | Amount of Proceeds<br>(HK\$ in millions) | Percentage of Total Proceeds | Sub-categories                                                                                                                                                                                                                                                                                                                                                                              | Timeframe                                                                                          | Amount of Total Proceeds<br>(HK\$ in millions) |
|--------------------------------------------------------------------|------------------------------|------------------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------|
|                                                                    |                              |                                          |                              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                    |                                                |
|                                                                    |                              |                                          | 10%                          | Companies with business that are complementary our existing services that meet our selection criteria as discussed in “—Use of Proceeds” above                                                                                                                                                                                                                                              | October 2020 to September 2021<br>October 2021 to September 2022<br>October 2022 to September 2023 | 229.5<br>200.8<br>143.5                        |
| Upgrade our systems for digitization and smart management. . . . . | 10%                          | 573.8                                    | 7%                           | Develop and upgrade hardware and software to improve our comprehensive and intelligent operational systems, including the central databases and midway platforms, so to improve our standardization, digitalization and intelligence levels of our operational systems to achieve better, more cohesive and efficient management for our services, as discussed in “—Use of Proceeds” above | October 2020 to September 2021<br>October 2021 to September 2022<br>October 2022 to September 2023 | 200.8<br>114.8<br>86.1                         |

## FUTURE PLANS AND USE OF PROCEEDS

| Major Categories                                   | Percentage of Total Proceeds | Percentage of Total Proceeds             |                              | Sub-categories                                                                                                                                                                                                                                                                                                                       | Timeframe                                                                                          | Amount of Total Proceeds<br>(HK\$ in millions) |
|----------------------------------------------------|------------------------------|------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------|
|                                                    |                              | Amount of Proceeds<br>(HK\$ in millions) | Percentage of Total Proceeds |                                                                                                                                                                                                                                                                                                                                      |                                                                                                    |                                                |
|                                                    | 3%                           |                                          |                              | Develop and improve intelligent management systems to achieve more precise and prompt communications within our Group and with our external parties to effectively transmit information and enhance user experiences, as discussed in “—Use of Proceeds” above                                                                       | October 2020 to September 2021<br>October 2021 to September 2022<br>October 2022 to September 2023 | 68.9<br>57.4<br>45.9                           |
|                                                    |                              |                                          |                              | Develop our upstream and downstream services, including group meals services, community education services, laundry services and nursing and elderly care services, in order to satisfy customer’s evolving demands, enhance our brand name and continue to strengthen our competitiveness, as discussed in “—Use of Proceeds” above | October 2020 to September 2021<br>October 2021 to September 2022<br>October 2022 to September 2023 | 229.5<br>298.4<br>332.8                        |
|                                                    |                              |                                          |                              |                                                                                                                                                                                                                                                                                                                                      |                                                                                                    |                                                |
| Further develop our value-added services . . . . . | 20%                          | 1,147.6                                  | 15%                          |                                                                                                                                                                                                                                                                                                                                      |                                                                                                    |                                                |

## FUTURE PLANS AND USE OF PROCEEDS

| Major Categories          | Percentage of Total Proceeds | Amount of Proceeds<br>(HK\$ in millions) | Percentage of Total Proceeds | Sub-categories                                                                                                                                                                                          | Timeframe                                                                                          | Amount of Total Proceeds<br>(HK\$ in millions) |
|---------------------------|------------------------------|------------------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------|
|                           |                              |                                          |                              |                                                                                                                                                                                                         |                                                                                                    |                                                |
|                           |                              |                                          | 5%                           | Upgrade hardware and develop smart community to further enhance the operational efficiency and the customer experiences of our community value-added services, as discussed in “—Use of Proceeds” above | October 2020 to September 2021<br>October 2021 to September 2022<br>October 2022 to September 2023 | 114.8<br>97.6<br>74.6                          |
| Working Capital . . . . . | 10%                          | 573.8                                    | 10%                          | Working capital and other general corporate purposes                                                                                                                                                    | —                                                                                                  | —                                              |
| <b>Total . . . . .</b>    | <b>100%</b>                  | <b>5,738.1</b>                           |                              |                                                                                                                                                                                                         |                                                                                                    |                                                |

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## FUTURE PLANS AND USE OF PROCEEDS

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### Bases and Assumptions

Our future plans and business strategies are based on the following general assumptions:

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other government policies relating to our Group, our industry or the political or market environment in which we operate;
- there will be no material changes in the existing accounting policies from those stated in the Accountant's Report in Appendix I as of and for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020;
- the Global Offering will be completed in accordance with and as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus;
- there will be no material changes in the bases or rates of taxation applicable to our activities;
- we will continue our business operations in the same manner as we had operated during the Track Record Period;
- our operations including our future plans will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of, among others, inflation and interest rate, in the PRC;
- there will be no disasters, natural, political or otherwise, which would not materially disrupt our business or operations; and
- we will not be materially affected by the risk factors as set out in the "Risk Factors" in this prospectus.

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## UNDERWRITING

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### 1. HONG KONG UNDERWRITERS

CLSA Limited  
Huatai Financial Holdings (Hong Kong) Limited  
China International Capital Corporation Hong Kong Securities Limited  
Citigroup Global Markets Asia Limited  
Guotai Junan Securities (Hong Kong) Limited  
ICBC International Securities Limited  
BOCI Asia Limited  
China Merchants Securities (HK) Co., Limited  
Essence International Securities (Hong Kong) Limited  
Guosen Securities (HK) Capital Company Limited  
Haitong International Securities Company Limited  
Shenwan Hongyuan Securities (H.K.) Limited

### 2. UNDERWRITING ARRANGEMENTS AND EXPENSES

#### **Hong Kong Public Offering**

#### ***Hong Kong Underwriting Agreement***

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 11,962,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for its applicable proportion of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price must be agreed between us and the JGC Representatives on behalf of the Hong Kong Underwriters. For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between us and the JGC Representatives on behalf of the Underwriters, the Global Offering will not proceed.

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## UNDERWRITING

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### *Grounds for Termination*

The JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled, in their sole and absolute discretion, by notice in writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any local, national, regional or international event or series of events or circumstances in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of 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 (whether or not responsibility has been claimed), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
  - (ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in or representing any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or any monetary or trading settlement system (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), or 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 Renminbi is linked to any foreign currency or currencies, in or affecting any Relevant Jurisdictions; or
  - (iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
  - (iv) any general moratorium on commercial banking activities in or affecting the Relevant Jurisdictions (whether imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdictions; or



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## UNDERWRITING

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- (v) any new Law (as defined in the Hong Kong Underwriting Agreement) 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 Authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of economic sanctions on our Company, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or
- (vii) a change or development involving a prospective change in or affecting Taxes (as defined in the Hong Kong Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (viii) any material litigation or claim of any third party being threatened or instigated against any member of the Group or any executive Director; or
- (ix) an executive Director being charged with an indictable offense or prohibited by operation of Law or otherwise disqualified from taking part in the management or taking directorship of a company; or
- (x) the chairman of our Company vacating his office; or
- (xi) an authority or a political body or organization in any Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against our Company or any executive Director; or
- (xii) save as disclosed in this prospectus, a contravention by any member of our Group or any executive Director of the Listing Rules or applicable Laws; or
- (xiii) a prohibition by an Authority (as defined in the Hong Kong Underwriting Agreement) on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Option Shares (as defined in the Hong Kong Underwriting Agreement)) pursuant to the terms of the Global Offering; or
- (xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

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## UNDERWRITING

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- (xv) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange, the CSRC and/or the SFC;
- (xvi) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with our 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
- (xvii) a material portion of the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors having been withdrawn, terminated or canceled or a material portion of the orders placed or confirmed in the bookbuilding process having been withdrawn, terminated or canceled and such withdrawn, terminated or canceled orders not having been fully covered by other orders or any replacement order having been subsequently withdrawn, terminated or canceled,

which, individually or in the aggregate, in the sole opinion of the JGC Representatives (for themselves or on behalf of the Hong Kong Underwriters): (i) has or will have or may have a material adverse effect on the assets, liabilities, business, management, general affairs, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (iii) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (iv) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable or impracticable of performance in accordance with its terms or preventing or materially delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

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## UNDERWRITING

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- (b) there has come to the notice of the JGC Representatives:
- (i) that any statement contained in any of the Hong Kong Public Offering documents, the Operative Documents (as defined in the Hong Kong Underwriting Agreement) and/or in 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 (collectively, the “**Offer Related Documents**”) (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect in any material respect or misleading in any respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or
  - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement or a material omission from any of the Offer Related Documents (including any supplement or amendment thereto); or
  - (iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
  - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or
  - (v) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or
  - (vi) any breach of, or any event or circumstances rendering untrue or incorrect or misleading in any respect, any of the warranties; or
  - (vii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

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## UNDERWRITING

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- (viii) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (ix) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawing its consent to being named as an expert in this prospectus or to the issue of any of the Hong Kong Public Offering documents.

### ***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 no further H Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for H Shares issued pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any of the circumstances provided under Rule 10.08 of the Listing Rules.

#### ***(B) Undertakings by the Controlling Shareholder***

Pursuant to Rule 10.07(1) of the Listing Rules and the Guidance Letter HKEX-GL89-16, the Controlling Shareholder has undertaken to our Company and the Stock Exchange that, except pursuant to the Global Offering (including any exercise of the Over-allotment Option), it shall not and shall procure that the relevant registered Shareholder(s) shall not:

- (i) in the period commencing from the date by reference to which disclosure of its shareholding 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 or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and
- (ii) during the period of six months commencing on the date on which the period referred to in the immediate preceding paragraph above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in the immediately preceding paragraph above to such an extent that immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company for the purposes of the Listing Rules.

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## UNDERWRITING

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Note 2 to Rule 10.07 of the Listing Rules provides that such rule does not prevent the Controlling Shareholder from using the Shares beneficially owned by it as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, the Controlling Shareholder has further undertaken to our Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (a) when the Controlling Shareholder pledge charge any Shares or securities of our Company beneficially owned by it in favor of any authorized institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and
- (b) when the Controlling Shareholder receives indications, either verbal or written, from the pledgee or chargee that any Shares or other securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by the Controlling Shareholder (or its respective shareholders) and disclose such matters by way of an announcement as required under the Listing Rules as soon as possible after being so informed by the Controlling Shareholder (or its respective shareholders).

### ***Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement***

#### *Undertakings by our Company*

Pursuant to the Hong Kong Underwriting Agreement, our Company has also undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), our Company will not, without the prior written consent of the Joint Sponsors and the JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules (and only after the consent of any relevant PRC authority (if so required) has been obtained):

- (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

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## UNDERWRITING

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option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any H Shares or any 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 represents the right to receive, or any warrants or other rights to purchase any H Shares or other equity securities of our Company), or deposit any H Shares or other 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 H Shares or any other securities of our Company, or any equity interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company); or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of such equity securities, in cash or otherwise (whether or not the issue of such equity securities will be completed within the First Six-Month Period).

Our Company further agrees that, in the event our Company enters into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), it shall take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for any Shares or other securities of our Company.

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## UNDERWRITING

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### *Undertakings by the Controlling Shareholder*

The Controlling Shareholder undertakes to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except as pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), without the prior written consent of the Joint Sponsors and the JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules (and only after the consent of any relevant PRC authority (if so required) has been obtained):

- (a) during the First Six-Month Period, it will not:
  - (i) 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
  - (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 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 any such other equity securities, as applicable or any interest in any of the foregoing); or
  - (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
  - (iv) offer to or agree to, or announce any intention to enter into any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other equity securities of our Company, in cash or otherwise (whether or not such transaction will be completed with the First Six-Month Period); and

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## UNDERWRITING

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- (b) (A) during the Second Six-Month Period, it will not enter into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transactions if, immediately following such transaction or action, it will cease to be a controlling shareholder of our Company for the purposes of the Listing Rules; and
- (B) until the expiry of the Second Six-Month Period, in the event that it enters into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to, or announces an intention to effect any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

### ***Indemnity***

Our Company has agreed to indemnify, among others, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

### **International Offering**

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, agree to procure subscribers or purchasers for the International Offer Shares, failing which it agrees to subscribe for or purchase the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the JGC Representatives 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 allot and issue up to an aggregate of 19,936,700 additional H Shares representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations (if any) in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.



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## UNDERWRITING

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### *Total Commission and Expenses*

The Underwriters will receive an underwriting commission of 1.6% of the aggregate Offer Price payable for the Offer Shares. Our Company may, at our sole discretion upon successful consummation of the Global Offering, pay to the Underwriters an additional discretionary incentive fee of up to 0.4% of the aggregate Offer Price of all the Offer Shares. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the International Underwriter.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$44.7 per H Share (being the mid-point of the indicative offer price range of HK\$41.8 to HK\$47.6 per H Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering (collectively the “**Commissions and Fees**”) are estimated to be approximately HK\$203.1 million in total.

### **3. ACTIVITIES BY SYNDICATE MEMBERS**

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as “**Syndicate Members**”, and their affiliates may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- the Syndicate Members (except for the Stabilizing Manager, its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as

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## UNDERWRITING

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derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed “Structure and Conditions of the Global Offering—3. The International Offering—Over-allotment Option” and “Structure and Conditions of the Global Offering—4. Stabilization.” These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

#### **4. HONG KONG UNDERWRITERS’ INTERESTS IN OUR COMPANY**

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their respective affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

#### **5. OTHER SERVICES TO OUR COMPANY**

The Joint Global Coordinators, the Hong Kong Underwriters or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Joint Global Coordinators, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

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## UNDERWRITING

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### **6. OVER-ALLOTMENT AND STABILIZATION**

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the sections headed “Structure and Conditions of the Global Offering—4. Stabilization”, and “Structure and Conditions of the Global Offering—3. The International Offering—Over-allotment Option”.

### **7. INDEPENDENCE OF THE JOINT SPONSORS**

As members of the sponsor group (as defined in the Listing Rules) of CLSA Capital Markets Limited held more than 5% in the total share capital of the Company as of the Latest Practicable Date, CLSA Capital Markets Limited does not satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

Huatai Financial Holdings (Hong Kong) Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### 1. THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering (subject to reallocation and the Over-allotment Option) comprises:

- (i) the Hong Kong Public Offering of initially 11,962,000 H Shares (subject to reallocation) in Hong Kong as described in the subsection headed “—2. The Hong Kong Public Offering” below; and
- (ii) the International Offering of an aggregate of initially 120,949,400 H Shares (subject to reallocation and the Over-allotment Option), consisting of the offering of our H Shares outside the United States in reliance on Regulation S under the U.S. Securities Act. At any time from the Listing Date until 30 days after the last day for lodging of applications in the Hong Kong Public Offering, the JGC Representatives, as representatives of the International Underwriters, have an option to require our Company to allot and issue up to 19,936,700 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.05% of our Company’s enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 21% of the enlarged share capital of our Company immediately after the completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 23.41% of the enlarged share capital immediately after the completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed “—3. The International Offering—Over-allotment Option” below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed “—2. The Hong Kong Public Offering—Reallocation and clawback” below.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### 2. THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

Our Company is initially offering 11,962,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 9.0% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 1.9% of our Company's enlarged share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “—7. Conditions of the Global Offering” below.

#### Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes (with any odd lots being allocated to Pool A): pool A and for pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined).

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 5,981,000 Hong Kong Offer Shares, being 50% of the 11,962,000 Hong Kong Offer Shares are liable to be rejected.

### **Reallocation and clawback**

The allocation of the Offers Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that the initial allocation of Offer Shares under the Hong Kong Public Offering shall be approximately 9.0% of the Global Offering and in the event of over-subscription under the Hong Kong Public Offering, the JGC Representatives shall apply an alternative clawback mechanism to the provisions under paragraph 4.2 of Practice Note 18 of the Listing Rules, following the closing of the application lists as follows (the “**Mandatory Reallocation**”):

- (i) 11,962,000 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 9.0% of the Offer Shares initially available under the Global Offering;

*in the event that the International Offer Shares are fully subscribed or oversubscribed,*

- (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 45 times of the total number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 17,943,000 Offer Shares, representing approximately 13.5% of the total number of 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 45 times or more but less than 95 times of the total number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 23,924,000 Offer Shares, representing approximately 18.0% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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- (iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 95 times or more of the total number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 47,848,000 Offer Shares, representing approximately 36.0% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the JGC Representatives. Subject to the foregoing paragraph, the JGC Representatives may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed for, the JGC Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the JGC Representatives deem appropriate.

In addition to any Mandatory Reallocation which may be required, the JGC Representatives may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 10 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HK\$41.8 (low-end of the indicative Office Price), up to 11,962,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 23,924,000 Offer Shares, representing approximately 18.0% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

### **Applications**

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$47.6 per Offer Share in addition to any 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 “—5. Pricing of the Global Offering” below, is less than the maximum price of HK\$47.6 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 the Hong Kong Offer Shares”.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

### 3. THE INTERNATIONAL OFFERING

#### Number of Offer Shares initially offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 120,949,400 H Shares, representing approximately 91.0% of the total number of Offer Shares initially available under the Global Offering and approximately 19.1% of our Company’s enlarged share capital immediately after the Global Offering, assuming that the Over-allotment Option is not exercised.

#### Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “—5. Pricing of the Global Offering” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The JGC Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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the JGC Representatives so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

### **Over-Allotment Option**

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the JGC Representatives on behalf of the International Underwriter.

Pursuant to the Over-allotment Option, the JGC Representatives have the right, exercisable at any time from the Listing Date until 30 days after the last date for lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 19,936,700 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.05% of our Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

### **4. 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, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period of up to 30 calendar days after the last day for the lodging of applications under the Hong Kong Public Offering. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Overallotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 19,936,700 H Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Ordinance (Chapter 571W of the Laws of Hong Kong) include:

- (a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;
- (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;
- (c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Overallotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;
- (e) selling the H Shares to liquidate a long position held as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Ordinance (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period.

### 5. PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, November 10, 2020 and in any event on or before Wednesday, November 11, 2020, by agreement between the JGC Representatives (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\$47.6 per H Share and is expected to be not less than HK\$41.8 per H Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$47.6 per H Share, plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus.**

The JGC Representatives (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Company, reduce the number of Offer Shares offered in the Global Offering and/or the bottom end of the indicative Offer Price range below that stated in this prospectus, at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction and/or set the final Offer Price below the bottom end of the indicative Offer Price range, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in South China Morning Post (in English) and Sing Tao Daily (in Chinese) and to be posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of our Company ([www.jkpssc.cn](http://www.jkpssc.cn)) notices of the reduction. Upon issue of a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the JGC Representatives (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares being offered under the Global Offering and/or the bottom end of the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the JGC Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 9.0% 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 JGC Representatives.

The Offer Price under the Global Offering, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Monday, November 16, 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.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### 6. HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed “Underwriting”.

### 7. CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the JGC Representatives (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and Sing Tao Daily (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares” In the meantime,

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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all application monies will be held in separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Monday, November 16, 2020 but will only become valid certificates of title at 8:00 a.m. on Tuesday, November 17, 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting—2. Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination” has not been exercised.

### **8. H SHARES WILL BE ELIGIBLE FOR CCASS**

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **9. DEALING**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, November 17, 2020, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, November 17, 2020.

Our H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares will be 9666.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service 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](http://www.hkeipo.hk/IPOApp) or [www.tricorglobal.com/IPOApp](http://www.tricorglobal.com/IPOApp)) or at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the JGC Representatives, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If an application is made by a person under a power of attorney, the JGC Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of 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 the shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offer Shares or otherwise participated 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 the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 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 Thursday, November 5, 2020 until 12:00 noon on Tuesday, November 10, 2020 from:

- (i) any of the following offices of the Hong Kong Underwriters:

|                                                                      |                                                                                         |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| CLSA Limited                                                         | 18/F, One Pacific Place<br>88 Queensway<br>Hong Kong                                    |
| Huatai Financial Holdings (Hong Kong) Limited                        | 62/F, The Center<br>99 Queen's Road Central<br>Hong Kong                                |
| China International Capital Corporation Hong Kong Securities Limited | 29/F, One International Finance Centre<br>1 Harbour View Street<br>Central<br>Hong Kong |
| Citigroup Global Markets Asia Limited                                | 50/F, Champion Tower<br>3 Garden Road<br>Central<br>Hong Kong                           |
| Guotai Junan Securities (Hong Kong) Limited                          | 27/F., Low Block<br>Grand Millennium Plaza<br>181 Queen's Road Central<br>Hong Kong     |
| ICBC International Securities Limited                                | 37/F ICBC Tower<br>3 Garden Road<br>Hong Kong                                           |
| BOCI Asia Limited                                                    | 26th Floor<br>Bank of China Tower<br>1 Garden Road<br>Central<br>Hong Kong              |
| China Merchants Securities (HK) Co., Limited                         | 48/F, One Exchange Square<br>8 Connaught Place<br>Central<br>Hong Kong                  |

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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|                                                         |                                                                              |
|---------------------------------------------------------|------------------------------------------------------------------------------|
| Essence International Securities<br>(Hong Kong) Limited | 39/F, One Exchange Square<br>Central<br>Hong Kong                            |
| Guosen Securities (HK) Capital<br>Company Limited       | Suites 3207-3212<br>Level 32, One Pacific Place<br>88 Queensway<br>Hong Kong |
| Haitong International Securities<br>Company Limited     | 22/F<br>Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong       |
| Shenwan Hongyuan Securities (H.K.)<br>Limited           | Level 19<br>28 Hennessy Road<br>Hong Kong                                    |

(ii) any of the following branches of the receiving bank:

Industrial and Commercial Bank of China (Asia) Limited

| <u>District</u>  | <u>Branch</u>                        | <u>Address</u>                                                                       |
|------------------|--------------------------------------|--------------------------------------------------------------------------------------|
| Hong Kong Island | Central Branch                       | 1/F., 9 Queen's Road Central,<br>Hong Kong                                           |
|                  | Causeway Bay Branch                  | Shop A on G/F, 1/F, Hennessy<br>Apartments,<br>488 & 490 Hennessy Road,<br>Hong Kong |
| Kowloon          | Mongkok Branch                       | G/F, Belgian Bank Building,<br>721-725 Nathan Road,<br>Mongkok, Kowloon              |
|                  | Telford Branch                       | Shop P19-P20, Telford Plaza,<br>Kowloon Bay,<br>Kowloon                              |
| New Territories  | Tsuen Wan Castle Peak<br>Road Branch | G/F, 423-427 Castle Peak Road<br>Tsuen Wan, New Territories                          |
|                  | Shatin Branch                        | Shop 22J, Level 3, Shatin Centre,<br>New Territories                                 |

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, November 5, 2020 until 12:00 noon on Tuesday, November 10, 2020 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited – Jinke Smart Services Group Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Thursday, November 5, 2020 — 9:00 a.m. to 5:00 p.m.
- Friday, November 6, 2020 — 9:00 a.m. to 5:00 p.m.
- Saturday, November 7, 2020 — 9:00 a.m. to 1:00 p.m.
- Monday, November 9, 2020 — 9:00 a.m. to 5:00 p.m.
- Tuesday, November 10, 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 Tuesday, November 10, 2020, the last day for applications or such later time as described in the section headed "How to Apply for Hong Kong Offer Shares- 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this prospectus.

### 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, amongst other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the JGC Representatives (or their 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 Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, PRC Companies Law and the Articles of Association;
- (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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (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 set out in this prospectus;
- (vi) agree that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, 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, the H Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus, 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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (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 H Share 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 H Share certificate(s) and/or e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfill the criteria mentioned in "—14. Despatch/Collection of H Share Certificates and Refund Monies—Personal collection" in this section to collect the H Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Directors and the JGC Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service by you or by anyone 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 his agent.

### Additional Terms and Conditions for **YELLOW** Application Form

You should refer to the **YELLOW** Application Form for details.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

#### General

Individuals who meet the criteria in the section headed “How to Apply for Hong Kong Offer Shares—2. Who Can Apply” in this prospectus may apply through the **HK eIPO White Form** service for the Offer Shares to be allocated and registered in their own names through the **IPO App** or the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** and 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 through the **HK eIPO White Form** service in the **IPO App** or on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last day for applications) from 9:00 a.m. on Thursday, November 5, 2020 until 11:30 a.m. on Tuesday, November 10, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, November 10, 2020 or such later time under the section headed “How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this prospectus.

#### 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 instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application will be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. 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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 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 +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

#### **Hong Kong Securities Clearing Company Limited**

Customer Service Centre  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the JGC Representatives and the H Share Registrar.

### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - **agree** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - **undertake** and **confirm** that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
  - (if the **electronic application instructions** are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;
  - (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as his agent;
  - **confirm** that you understand that our Company, the Directors and the JGC Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- **authorize** our Company to place HKSCC Nominees' name on our Company's H Share register of members as the holder of the Hong Kong Offer Shares allocated to you and to such other register as may be required under the Articles of Association, and send H Share certificate(s) and/or refund monies under the arrangements separately agreed between our Company 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 and will not rely on any other information or representation, save as set out in any supplement to this prospectus;
- **agree** that none of our Company, the JGC Representatives, 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, the H Share Registrar, the receiving bank, the JGC Representatives, 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 (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provision) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- **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 the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, PRC Companies Law and the Articles of Association; and
- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.
- **agree** with our Company, for itself and for the benefit of each shareholder of our Company and each Director, Supervisor, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of our Company and each Director, Supervisor, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):
  - (a) to refer all differences and claims arising from the Articles of Association of our Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association;
  - (b) that any award made in such arbitration shall be final and conclusive; and
  - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;
- **agree** with our Company (for our Company itself and for the benefit of each Shareholder of our Company) that H Shares in our Company are freely transferable by their holders; and

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- **authorize** our Company to enter into a contract on its behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of our Company.

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to 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 Stock Exchange trading fee) by crediting your designated bank account; and
- **instructed** and **authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 100 Hong Kong Offer Shares. Instructions for more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions<sup>(1)</sup>

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, November 5, 2020 — 9:00 a.m. to 8:30 p.m.
- Friday, November 6, 2020 — 8:00 a.m. to 8:30 p.m.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- Monday, November 9, 2020 — 8:00 a.m. to 8:30 p.m.
- Tuesday, November 10, 2020 — 8:00 a.m. to 12:00 noon

*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, November 5, 2020 until 12:00 noon on Tuesday, November 10, 2020 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, November 10, 2020, the last day for applications or such later time as described in the section headed “How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this prospectus.

### 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 will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the H Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, 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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 7. WARNING FOR ELECTRONIC APPLICATIONS

The application for 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, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, the Joint Bookrunners, and the Joint Lead Managers, 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 allocated 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 connecting to the CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, November 10, 2020, the last day for applications, or such later time as described in the section headed "How to Apply for Hong Kong Offer Shares- 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this prospectus.

### 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 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**).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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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 share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for H Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for H Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 100 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified in the **IPO App** or on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Global Offering—Allocation” in this prospectus.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 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 Tuesday, November 10, 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business day which does not have either of those warnings 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 Tuesday, November 10, 2020 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, 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 Monday, November 16, 2020 in South China Morning Post (in English) and Sing Tao Daily (in Chinese) on our Company’s website at [www.jkpssc.cn](http://www.jkpssc.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at [www.jkpssc.cn](http://www.jkpssc.cn) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Monday, November 16, 2020;
- from “IPO Results” function in the **IPO App** or the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) or [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, November 16, 2020 to 12:00 midnight on Sunday, November 22, 2020;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, November 16, 2020 to Thursday, November 19, 2020 (excluding Saturday, Sunday and public holiday in Hong Kong); and



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- in the special allocation results booklets which will be available for inspection during opening hours from Monday, November 16, 2020 to Wednesday, November 18, 2020 at the designated receiving bank branches as set above.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

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 ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before Tuesday, November 17, 2020. 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 Tuesday, November 17, 2020 in the following circumstances:

- 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 on or before Tuesday, November 17, 2020 (being the fifth day after the time of the opening of the application lists) (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person’s responsibility for this prospectus; or



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (ii) if any supplement to this prospectus is issued, in which case 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 JGC Representatives, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allocation of Hong Kong Offer Shares is void:**

The allocation of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies 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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- 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 JGC Representatives 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 5,981,000 Hong Kong Offer Shares, being 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\$47.6 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 the section headed "Structure and Conditions of the Global Offering—7. 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 Monday, November 16, 2020.

### 14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- H Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for **YELLOW** Application Forms, H Share certificates will be deposited into CCASS as described below); and

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number provided by you or the first-named applicant (if you are joint applicants) may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or before Monday, November 16, 2020. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

H Share certificates will only become valid at 8:00 a.m. on Tuesday, November 17, 2020 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

### **Personal Collection**

#### ***(i) If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or H Share certificate(s) from H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, November 16, 2020 or such other date as notified by our Company 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 provide a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you do not collect your refund cheque(s) and/or H Share certificate(s) personally (where applicable) within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, November 16, 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 and have provided all information required by your Application Form, please follow the same instructions as described above for collection of your 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 Monday, November 16, 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 H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, November 16, 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 Offering 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 allocated to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the subsection headed "—11. 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 Monday, November 16, 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. 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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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*(iii) If you apply through the HK eIPO White Form service*

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your H Share certificate(s) from H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, November 16, 2020, or such other date as notified by our Company in the newspapers as the date of despatch/collection of H Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, November 16, 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 H Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, November 16, 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 allocation of the Hong Kong Public Offering in the manner specified in the subsection headed "—11. Publication of Results" above on Monday, November 16, 2020. You should check the

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, November 16, 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 allocated 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 allocated 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 Monday, November 16, 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 Monday, November 16, 2020.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares 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 to enable the H Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JINKE SMART SERVICES GROUP CO., LTD., CLSA CAPITAL MARKETS LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

**Introduction**

We report on the historical financial information of Jinke Smart Services Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-85, which comprises the consolidated statements of financial position as of December 31, 2017, 2018 and 2019 and June 30, 2020, the Company's statements of financial position as of December 31, 2017, 2018 and 2019 and June 30, 2020, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-85 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated November 5, 2020 (the "Prospectus") in connection with the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.



**Reporting accountant's responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as of December 31, 2017, 2018 and 2019 and June 30, 2020 and the consolidated financial position of the Group as of December 31, 2017, 2018 and 2019 and June 30, 2020 and its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

**Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information. Our responsibility is to express a



conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

**Dividends**

We refer to Note 31 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong

November 5, 2020

**I HISTORICAL FINANCIAL INFORMATION OF THE GROUP****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

## Consolidated statements of comprehensive income

|                                                                  | Note  | Year ended December 31, |                |                | Six months ended<br>June 30, |                |
|------------------------------------------------------------------|-------|-------------------------|----------------|----------------|------------------------------|----------------|
|                                                                  |       | 2017                    | 2018           | 2019           | 2019                         | 2020           |
|                                                                  |       | RMB'000                 | RMB'000        | RMB'000        | RMB'000                      | RMB'000        |
|                                                                  |       |                         |                |                | (Unaudited)                  |                |
| Revenue                                                          | 6     | 1,047,041               | 1,523,886      | 2,327,657      | 1,005,307                    | 1,369,604      |
| Cost of sales                                                    | 8     | (766,495)               | (1,133,053)    | (1,691,979)    | (727,765)                    | (936,570)      |
| Gross profit                                                     |       | 280,546                 | 390,833        | 635,678        | 277,542                      | 433,034        |
| Selling and marketing expenses                                   | 8     | (1,729)                 | (3,618)        | (3,021)        | (1,453)                      | (689)          |
| Administrative expenses                                          | 8     | (148,002)               | (185,815)      | (233,390)      | (91,878)                     | (89,940)       |
| Net impairment losses on financial assets                        | 3.1.2 | (344)                   | (1,007)        | (4,018)        | (3,291)                      | (2,327)        |
| Other income                                                     | 7     | 3,433                   | 3,330          | 52,146         | 16,555                       | 22,661         |
| Other gains/(losses)—net                                         | 10    | 37                      | (597)          | 1,948          | 1,056                        | 611            |
| <b>Operating profit</b>                                          |       | 133,941                 | 203,126        | 449,343        | 198,531                      | 363,350        |
| Finance income                                                   |       | 109,731                 | 156,188        | 160,731        | 84,877                       | 63,373         |
| Finance cost                                                     |       | (107,439)               | (161,658)      | (159,962)      | (84,420)                     | (62,283)       |
| Finance income/(cost)—net                                        | 11    | 2,292                   | (5,470)        | 769            | 457                          | 1,090          |
| <b>Profit before income tax</b>                                  |       | 136,233                 | 197,656        | 450,112        | 198,988                      | 364,440        |
| Income tax expenses                                              | 12    | (22,541)                | (33,730)       | (75,728)       | (33,409)                     | (61,945)       |
| <b>Profit and total comprehensive income for the year/period</b> |       | <u>113,692</u>          | <u>163,926</u> | <u>374,384</u> | <u>165,579</u>               | <u>302,495</u> |
| <b>Profit and total comprehensive income attributable to:</b>    |       |                         |                |                |                              |                |
| — Owners of the Company                                          |       | 113,551                 | 161,776        | 366,452        | 162,434                      | 293,756        |
| — Non-controlling interests                                      |       | 141                     | 2,150          | 7,932          | 3,145                        | 8,739          |
|                                                                  |       | <u>113,692</u>          | <u>163,926</u> | <u>374,384</u> | <u>165,579</u>               | <u>302,495</u> |
| <b>Earnings per share (expressed in RMB per share)</b>           |       |                         |                |                |                              |                |
| — Basic and diluted earnings per share                           | 13    | <u>0.25</u>             | <u>0.36</u>    | <u>0.80</u>    | <u>0.36</u>                  | <u>0.64</u>    |

## Consolidated statements of financial position

|                                                          | Note   | As of December 31, |                  |                  | As of<br>June 30, |
|----------------------------------------------------------|--------|--------------------|------------------|------------------|-------------------|
|                                                          |        | 2017               | 2018             | 2019             | 2020              |
|                                                          |        | RMB'000            | RMB'000          | RMB'000          | RMB'000           |
| <b>Assets</b>                                            |        |                    |                  |                  |                   |
| <b>Non-current assets</b>                                |        |                    |                  |                  |                   |
| Property, plant and equipment                            | 15     | 27,580             | 34,272           | 33,089           | 29,808            |
| Intangible assets                                        | 16     | 3,652              | 3,394            | 5,017            | 6,466             |
| Investment in joint ventures                             |        | –                  | –                | 160              | 3,898             |
| Other receivables                                        | 21     | 780,000            | 1,830,000        | 1,145,000        | –                 |
| Deferred income tax assets                               | 30     | 5,129              | 7,327            | 8,080            | 6,575             |
|                                                          |        | <u>816,361</u>     | <u>1,874,993</u> | <u>1,191,346</u> | <u>46,747</u>     |
| <b>Current assets</b>                                    |        |                    |                  |                  |                   |
| Inventories                                              | 17     | 2,864              | 4,871            | 5,826            | 8,338             |
| Trade and bill and other receivables<br>and prepayments  | 21     | 1,076,420          | 1,741,861        | 2,487,877        | 2,849,913         |
| Financial assets at fair value through<br>profit or loss | 20, 22 | 9,720              | –                | –                | –                 |
| Restricted cash                                          | 24     | 1,400              | 1,427            | 1,455            | 364               |
| Cash and cash equivalents                                | 23     | 482,930            | 416,303          | 333,149          | 843,244           |
| Other assets                                             | 18     | 100,274            | 86,063           | 74,240           | 64,742            |
|                                                          |        | <u>1,673,608</u>   | <u>2,250,525</u> | <u>2,902,547</u> | <u>3,766,601</u>  |
| <b>Total assets</b>                                      |        | <u>2,489,969</u>   | <u>4,125,518</u> | <u>4,093,893</u> | <u>3,813,348</u>  |
| <b>Equity</b>                                            |        |                    |                  |                  |                   |
| <b>Equity attributable to owners of the<br/>Company</b>  |        |                    |                  |                  |                   |
| Paid-in capital/Share capital                            | 25     | 50,000             | 50,000           | 50,000           | 500,000           |
| Other reserves                                           | 26     | 77,550             | 77,550           | 25,000           | 453,753           |
| Retained earnings                                        | 26     | 122,875            | 187,900          | 407,700          | 301,178           |
|                                                          |        | <u>250,425</u>     | <u>315,450</u>   | <u>482,700</u>   | <u>1,254,931</u>  |
| <b>Non-controlling interests</b>                         |        | <u>4,622</u>       | <u>10,477</u>    | <u>22,295</u>    | <u>34,877</u>     |
| <b>Total equity</b>                                      |        | <u>255,047</u>     | <u>325,927</u>   | <u>504,995</u>   | <u>1,289,808</u>  |
| <b>Liabilities</b>                                       |        |                    |                  |                  |                   |
| <b>Non-current liabilities</b>                           |        |                    |                  |                  |                   |
| Borrowings                                               | 28     | 780,000            | 1,830,000        | 1,145,000        | –                 |
| Lease liabilities                                        | 29     | 961                | 3,298            | 2,526            | 1,943             |
| Deferred income tax liabilities                          | 30     | 414                | 682              | 942              | 518               |
|                                                          |        | <u>781,375</u>     | <u>1,833,980</u> | <u>1,148,468</u> | <u>2,461</u>      |
| <b>Current liabilities</b>                               |        |                    |                  |                  |                   |
| Borrowings                                               | 28     | 300,000            | 500,000          | 685,000          | 1,495,000         |
| Lease liabilities                                        | 29     | 250                | 1,708            | 1,331            | 1,177             |
| Trade and bill and other payables                        | 27     | 991,095            | 1,222,649        | 1,398,409        | 649,414           |
| Contract liabilities                                     | 6(a)   | 162,071            | 219,460          | 291,202          | 325,736           |
| Current income tax liabilities                           |        | 131                | 21,794           | 64,488           | 49,752            |
|                                                          |        | <u>1,453,547</u>   | <u>1,965,611</u> | <u>2,440,430</u> | <u>2,521,079</u>  |
| <b>Total liabilities</b>                                 |        | <u>2,234,922</u>   | <u>3,799,591</u> | <u>3,588,898</u> | <u>2,523,540</u>  |
| <b>Total equity and liabilities</b>                      |        | <u>2,489,969</u>   | <u>4,125,518</u> | <u>4,093,893</u> | <u>3,813,348</u>  |

## Statements of financial position of the Company

|                                                          | Note   | As of December 31, |                  |                  | As of<br>June 30, |
|----------------------------------------------------------|--------|--------------------|------------------|------------------|-------------------|
|                                                          |        | 2017               | 2018             | 2019             | 2020              |
|                                                          |        | RMB'000            | RMB'000          | RMB'000          | RMB'000           |
| <b>Assets</b>                                            |        |                    |                  |                  |                   |
| <b>Non-current assets</b>                                |        |                    |                  |                  |                   |
| Property, plant and equipment                            |        | 26,801             | 30,698           | 28,699           | 25,691            |
| Intangible assets                                        |        | 3,588              | 2,602            | 4,321            | 5,866             |
| Investments in subsidiaries                              |        | 73,835             | 92,405           | 152,745          | 166,924           |
| Investment in joint ventures                             |        | –                  | –                | 160              | 3,898             |
| Other receivables                                        | 21     | 780,000            | 1,830,000        | 1,145,000        | –                 |
|                                                          |        | 884,224            | 1,955,705        | 1,330,925        | 202,379           |
| <b>Current assets</b>                                    |        |                    |                  |                  |                   |
| Inventories                                              |        | 2,342              | 3,680            | 2,501            | 3,394             |
| Trade and bill and other receivables<br>and prepayments  | 21     | 967,601            | 1,697,927        | 2,362,127        | 2,798,449         |
| Financial assets at fair value through<br>profit or loss | 20, 22 | 9,720              | –                | –                | –                 |
| Cash and cash equivalents                                | 23     | 447,354            | 348,532          | 214,994          | 678,179           |
| Other assets                                             | 18     | 100,274            | 86,063           | 74,240           | 64,742            |
|                                                          |        | 1,527,291          | 2,136,202        | 2,653,862        | 3,544,764         |
| <b>Total assets</b>                                      |        | <b>2,411,515</b>   | <b>4,091,907</b> | <b>3,984,787</b> | <b>3,747,143</b>  |
| <b>Equity</b>                                            |        |                    |                  |                  |                   |
| <b>Equity attributable to owners of the Company</b>      |        |                    |                  |                  |                   |
| Paid-in capital/Share capital                            | 25     | 50,000             | 50,000           | 50,000           | 500,000           |
| Other reserves                                           | 26     | 77,550             | 77,550           | 25,000           | 453,330           |
| Retained earnings                                        | 26     | 129,147            | 199,948          | 397,089          | 281,484           |
| <b>Total equity</b>                                      |        | <b>256,697</b>     | <b>327,498</b>   | <b>472,089</b>   | <b>1,234,814</b>  |
| <b>Liabilities</b>                                       |        |                    |                  |                  |                   |
| <b>Non-current liabilities</b>                           |        |                    |                  |                  |                   |
| Borrowings                                               | 28     | 780,000            | 1,830,000        | 1,145,000        | –                 |
| Lease liabilities                                        | 29     | 867                | 2,747            | 2,143            | 1,648             |
| Deferred income tax liabilities                          |        | 414                | 682              | 942              | 518               |
|                                                          |        | 781,281            | 1,833,429        | 1,148,085        | 2,166             |
| <b>Current liabilities</b>                               |        |                    |                  |                  |                   |
| Borrowings                                               | 28     | 300,000            | 500,000          | 685,000          | 1,495,000         |
| Lease liabilities                                        | 29     | 143                | 1,456            | 1,163            | 1,003             |
| Trade and bill and other payables                        | 27     | 913,552            | 1,196,944        | 1,339,739        | 658,051           |
| Contract liabilities                                     | 6(a)   | 159,842            | 211,790          | 280,088          | 309,475           |
| Current income tax liabilities                           |        | –                  | 20,790           | 58,623           | 46,634            |
|                                                          |        | 1,373,537          | 1,930,980        | 2,364,613        | 2,510,163         |
| <b>Total liabilities</b>                                 |        | <b>2,154,818</b>   | <b>3,764,409</b> | <b>3,512,698</b> | <b>2,512,329</b>  |
| <b>Total equity and liabilities</b>                      |        | <b>2,411,515</b>   | <b>4,091,907</b> | <b>3,984,787</b> | <b>3,747,143</b>  |

## Consolidated statements of changes in equity

|                                                         |      | Attributable to owners of the Company |                      |                   |           |                           |              |
|---------------------------------------------------------|------|---------------------------------------|----------------------|-------------------|-----------|---------------------------|--------------|
|                                                         | Note | Paid-in capital/<br>Share capital     | Other reserves       | Retained earnings | Total     | Non-controlling interests | Total equity |
|                                                         |      | RMB'000<br>(Note 25)                  | RMB'000<br>(Note 26) | RMB'000           | RMB'000   | RMB'000                   | RMB'000      |
| Balance at January 1, 2017                              |      | 50,000                                | 72,755               | 81,354            | 204,109   | (3,129)                   | 200,980      |
| Comprehensive income                                    |      |                                       |                      |                   |           |                           |              |
| Profit for the year                                     |      | –                                     | –                    | 113,551           | 113,551   | 141                       | 113,692      |
| Transactions with owners of the Company                 |      |                                       |                      |                   |           |                           |              |
| Acquisition of subsidiaries                             |      | –                                     | –                    | –                 | –         | 1,470                     | 1,470        |
| Disposal of subsidiaries                                |      | –                                     | –                    | –                 | –         | 6,140                     | 6,140        |
| Dividend declared to shareholders of the Company        | 31   | –                                     | –                    | (67,235)          | (67,235)  | –                         | (67,235)     |
| Appropriation of statutory reserves                     |      | –                                     | 4,795                | (4,795)           | –         | –                         | –            |
| Balance at December 31, 2017                            |      | 50,000                                | 77,550               | 122,875           | 250,425   | 4,622                     | 255,047      |
| Balance at January 1, 2018                              |      | 50,000                                | 77,550               | 122,875           | 250,425   | 4,622                     | 255,047      |
| Comprehensive income                                    |      |                                       |                      |                   |           |                           |              |
| Profit for the year                                     |      | –                                     | –                    | 161,776           | 161,776   | 2,150                     | 163,926      |
| Transactions with owners of the Company                 |      |                                       |                      |                   |           |                           |              |
| Capital contribution from non-controlling interests     |      | –                                     | –                    | –                 | –         | 3,160                     | 3,160        |
| Acquisition of subsidiaries                             |      | –                                     | –                    | –                 | –         | 960                       | 960          |
| Disposal of subsidiaries                                |      | –                                     | –                    | –                 | –         | (415)                     | (415)        |
| Dividend declared to shareholders of the Company        | 31   | –                                     | –                    | (96,751)          | (96,751)  | –                         | (96,751)     |
| Balance at December 31, 2018                            |      | 50,000                                | 77,550               | 187,900           | 315,450   | 10,477                    | 325,927      |
| Balance at January 1, 2019                              |      | 50,000                                | 77,550               | 187,900           | 315,450   | 10,477                    | 325,927      |
| Comprehensive income                                    |      |                                       |                      |                   |           |                           |              |
| Profit for the year                                     |      | –                                     | –                    | 366,452           | 366,452   | 7,932                     | 374,384      |
| Transactions with owners of the Company                 |      |                                       |                      |                   |           |                           |              |
| Deemed distributions to the shareholders of the Company | 26   | –                                     | (52,550)             | –                 | (52,550)  | –                         | (52,550)     |
| Capital contribution from non-controlling interests     |      | –                                     | –                    | –                 | –         | 3,886                     | 3,886        |
| Dividend declared to shareholders of the Company        | 31   | –                                     | –                    | (146,652)         | (146,652) | –                         | (146,652)    |
| Balance at December 31, 2019                            |      | 50,000                                | 25,000               | 407,700           | 482,700   | 22,295                    | 504,995      |

|                                                                         |       | Attributable to owners of the Company   |                      |                      |           |                                  |                 |
|-------------------------------------------------------------------------|-------|-----------------------------------------|----------------------|----------------------|-----------|----------------------------------|-----------------|
|                                                                         |       | Paid-in<br>capital/<br>Share<br>capital | Other<br>reserves    | Retained<br>earnings | Total     | Non-<br>controlling<br>interests | Total<br>equity |
|                                                                         | Note  | RMB'000<br>(Note 25)                    | RMB'000<br>(Note 26) | RMB'000              | RMB'000   | RMB'000                          | RMB'000         |
| <b>Balance at January 1, 2020</b>                                       |       |                                         |                      |                      |           |                                  |                 |
| <b>Comprehensive income</b>                                             |       | 50,000                                  | 25,000               | 407,700              | 482,700   | 22,295                           | 504,995         |
| Profit for the period                                                   |       | –                                       | –                    | 293,756              | 293,756   | 8,739                            | 302,495         |
| <b>Transactions with owners of the Company</b>                          |       |                                         |                      |                      |           |                                  |                 |
| Transfer from reserves to share capital                                 | 25(a) | 405,473                                 | (5,195)              | (400,278)            | –         | –                                | –               |
| Capital contribution from owners                                        | 25(b) | 44,527                                  | 433,525              | –                    | 478,052   | –                                | 478,052         |
| Capital contribution from non-controlling interests                     |       | –                                       | –                    | –                    | –         | 2,050                            | 2,050           |
| Disposal of subsidiaries                                                |       | –                                       | –                    | –                    | –         | (100)                            | (100)           |
| Acquisition of additional interests in a subsidiary                     | 35(a) | –                                       | 1,250                | –                    | 1,250     | (1,250)                          | –               |
| Change in ownership interests in a subsidiary without change of control | 35(b) | –                                       | (827)                | –                    | (827)     | 3,143                            | 2,316           |
| <b>Balance at June 30, 2020</b>                                         |       |                                         |                      |                      |           |                                  |                 |
|                                                                         |       | 500,000                                 | 453,753              | 301,178              | 1,254,931 | 34,877                           | 1,289,808       |
| <b>(Unaudited)</b>                                                      |       |                                         |                      |                      |           |                                  |                 |
| <b>Balance at January 1, 2019</b>                                       |       | 50,000                                  | 77,550               | 187,900              | 315,450   | 10,477                           | 325,927         |
| <b>Comprehensive income</b>                                             |       |                                         |                      |                      |           |                                  |                 |
| Profit for the period                                                   |       | –                                       | –                    | 162,434              | 162,434   | 3,145                            | 165,579         |
| <b>Transactions with owners of the Company</b>                          |       |                                         |                      |                      |           |                                  |                 |
| Deemed distributions to the shareholders of the Company                 | 26    | –                                       | (50,000)             | –                    | (50,000)  | –                                | (50,000)        |
| Capital contribution from non-controlling interests                     |       | –                                       | –                    | –                    | –         | 890                              | 890             |
| Dividend declared to shareholders of the Company                        | 31    | –                                       | –                    | (146,652)            | (146,652) | –                                | (146,652)       |
| <b>Balance at June 30, 2019</b>                                         |       |                                         |                      |                      |           |                                  |                 |
|                                                                         |       | 50,000                                  | 27,550               | 203,682              | 281,232   | 14,512                           | 295,744         |

## Consolidated statements of cash flows

|                                                                                 |       | Year ended December 31, |                    |                | Six months ended<br>June 30, |                |
|---------------------------------------------------------------------------------|-------|-------------------------|--------------------|----------------|------------------------------|----------------|
|                                                                                 | Note  | 2017                    | 2018               | 2019           | 2019                         | 2020           |
|                                                                                 |       | RMB'000                 | RMB'000            | RMB'000        | RMB'000<br>(Unaudited)       | RMB'000        |
| <b>Cash flows from operating activities</b>                                     |       |                         |                    |                |                              |                |
| Cash generated from/(used in) operations                                        | 32    | 195,107                 | 268,483            | 270,936        | (65,043)                     | 86,899         |
| Income tax paid                                                                 |       | (46,936)                | (10,658)           | (34,135)       | (29,722)                     | (76,229)       |
| <b>Net cash generated from/(used in) operating activities</b>                   |       | <u>148,171</u>          | <u>257,825</u>     | <u>236,801</u> | <u>(94,765)</u>              | <u>10,670</u>  |
| <b>Cash flows from investing activities</b>                                     |       |                         |                    |                |                              |                |
| Purchases of property, plant and equipment                                      |       | (11,693)                | (11,228)           | (8,956)        | (2,517)                      | (2,575)        |
| Purchase of intangible assets                                                   |       | (1,637)                 | (925)              | (2,750)        | (266)                        | (2,139)        |
| Proceeds from disposal of property, plant and equipment                         |       | 52                      | 195                | 138            | 33                           | 171            |
| Proceeds from disposal of other assets                                          |       | 31,456                  | 13,257             | 13,717         | 8,831                        | 11,036         |
| Acquisition of financial assets at fair value through profit or loss            | 20    | (40,930)                | (7,000)            | –              | –                            | –              |
| Proceeds from disposal of financial assets at fair value through profit or loss | 20    | 31,464                  | 16,772             | –              | –                            | –              |
| Advances to related parties                                                     | 33(b) | –                       | (3,123,919)        | (1,003,440)    | (424,440)                    | (398,000)      |
| Repayments from related parties                                                 | 33(b) | 482,182                 | 1,790,435          | 1,491,483      | 719,226                      | 811,685        |
| Capital injection to joint ventures                                             |       | –                       | –                  | –              | –                            | (3,809)        |
| Acquisition of subsidiaries (net of cash and cash equivalents acquired)         |       | (225)                   | 240                | –              | –                            | –              |
| Disposal of subsidiaries (net of cash and cash equivalents disposed)            |       | (250)                   | 240                | –              | –                            | 8,029          |
| <b>Net cash generated from/(used in) investing activities</b>                   |       | <u>490,419</u>          | <u>(1,321,933)</u> | <u>490,192</u> | <u>300,867</u>               | <u>424,398</u> |



|                                                               | <i>Note</i> | Year ended December 31, |                       |                       | Six months ended<br>June 30, |                       |
|---------------------------------------------------------------|-------------|-------------------------|-----------------------|-----------------------|------------------------------|-----------------------|
|                                                               |             | 2017                    | 2018                  | 2019                  | 2019                         | 2020                  |
|                                                               |             | <i>RMB'000</i>          | <i>RMB'000</i>        | <i>RMB'000</i>        | <i>RMB'000</i>               | <i>RMB'000</i>        |
|                                                               |             |                         |                       |                       | <i>(Unaudited)</i>           |                       |
| <b>Cash flows from financing activities</b>                   |             |                         |                       |                       |                              |                       |
| Capital contribution from owners                              | 25(b)       | –                       | –                     | –                     | –                            | 478,052               |
| Proceeds from borrowings                                      | 32(b)       | –                       | 1,600,000             | –                     | –                            | –                     |
| Repayments of borrowings                                      | 32(b)       | (240,000)               | (350,000)             | (500,000)             | (235,000)                    | (335,000)             |
| Interest paid                                                 | 32(b)       | (110,352)               | (157,301)             | (165,220)             | (87,398)                     | (66,214)              |
| Dividends paid to shareholders                                | 32(b)       | (197,235)               | (96,751)              | (146,652)             | (146,652)                    | –                     |
| Principal elements and interest elements of lease payments    | 32(b)       | (297)                   | (1,627)               | (2,161)               | (1,058)                      | (837)                 |
| Listing expenses paid                                         |             | –                       | –                     | –                     | –                            | (3,024)               |
| Capital contribution from non-controlling interests           |             | –                       | 3,160                 | 3,886                 | 890                          | 2,050                 |
| <b>Net cash (used in)/generated from financing activities</b> |             | <u>(547,884)</u>        | <u>997,481</u>        | <u>(810,147)</u>      | <u>(469,218)</u>             | <u>75,027</u>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |             | 90,706                  | (66,627)              | (83,154)              | (263,116)                    | 510,095               |
| Cash and cash equivalents at beginning of year/period         |             | <u>392,224</u>          | <u>482,930</u>        | <u>416,303</u>        | <u>416,303</u>               | <u>333,149</u>        |
| <b>Cash and cash equivalents at end of year/period</b>        |             | <u><u>482,930</u></u>   | <u><u>416,303</u></u> | <u><u>333,149</u></u> | <u><u>153,187</u></u>        | <u><u>843,244</u></u> |

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Jinke Smart Services Group Co., Ltd. (the “Company” or “Jinke Services”, formerly known as “Jinke Property Service Group Co., Ltd.”) was established in the People’s Republic of China (the “PRC”) as a limited liability company on July 18, 2000. The address of the Company’s registered office is Jinke Garden, Wuhuang Road, Wulidian Street, Jiangbei District, Chongqing, PRC.

The Company and its subsidiaries (the “Group”) are primarily engaged in the provision of property management services, related value-added services and smart living technology solutions (the “Listing Business”) in the PRC.

The Company’s parent company is Jinke Property Group Co., Ltd. (“Jinke Property”), a real estate company established in the PRC and listed on the Shenzhen Stock Exchange Co., Ltd.

On April 16, 2017, Jinke Property entered into an equity transfer agreement with Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (“Hengye Meihao”, formerly known as “Shihezi Hengyejintong Equity Investment Partnership”), pursuant to which 25% of the equity interests of the Company was transferred from Jinke Property to Hengye Meihao at a consideration of RMB65,840,000. Upon completion of the equity transfer, Hengye Meihao holds 25% of the equity interest of the Company, and the remaining 75% of equity interests of the Company is still held by Jinke Property.

On January 31, 2019, the Company completed its acquisition of 100% of the equity interests in Chongqing Xinqidian Decoration Engineering Co., Ltd. (“Chongqing Xinqidian”) from Jinke Property, at a consideration of RMB50,000,000.

On August 9, 2019, the Company completed its acquisition of 51% of the equity interests in Hunan Jinke Jingchao Industrial Operation Management Co., Ltd. (“Jinke Jingchao”) from Jinke Property, at a consideration of RMB2,550,000.

Since Chongqing Xinqidian, Jinke Jingchao and the Company are ultimately controlled by Jinke Property both before and after the above mentioned acquisitions, these acquisitions are regarded as “common control combinations”. The Historical Financial Information includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities (Chongqing Xinqidian and Jinke Jingchao) first came under the common control, where this is a shorter period, regardless of the date of completion of the related common control combinations. The aggregated considerations payables for the foresaid common control combinations of RMB52,550,000 have been debited to other reserves as deemed distributions to the shareholder of the Company during the year ended December 31, 2019.

On May 28, 2020, the Company was converted from a limited liability company into a joint stock company with limited liability. Details are set out in Note 25.

On June 12, 2020, share capital of the Company was increased from RMB455,472,500 to RMB500,000,000. Details are set out in Note 25.

This Historical Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied for the preparation of the Historical Financial Information are set out as below. These policies have been consistently applied to all the years presented, among others, Hong Kong Financial Reporting Standards (“HKFRS”) 9 “Financial Instruments”, HKFRS 15 “Revenue from contracts with customers” and HKFRS 16 “Leases” are consistently applied throughout the Track Record Period.

#### 2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with HKFRS issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

### 2.1.1 Changes in accounting policy and disclosures

Up to the date of issuance of this report, the HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group during the Track Record Period:

|                                                        |                                                                                       | <b>Effective for<br/>annual periods<br/>beginning on or after</b> |
|--------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| HKFRS 16 (Amendment)                                   | COVID-19 – Related Rent Concessions                                                   | June 1, 2020                                                      |
| Hong Kong Accounting Standards (“HKAS”) 16 (Amendment) | Property, Plant and Equipment: Proceeds before intended use                           | January 1, 2022                                                   |
| HKAS 37 (Amendment)                                    | Onerous Contracts - Cost to Fulfilling a Contract                                     | January 1, 2022                                                   |
| HKFRS 3 (Amendment)                                    | Reference to the Conceptual Framework                                                 | January 1, 2022                                                   |
| Annual improvements to HKFRS standards 2018 - 2020     | Annual improvements to HKFRS standards 2018 - 2020                                    | January 1, 2022                                                   |
| HKAS 1 (Amendment)                                     | Classification of Liabilities as Current or Non-current                               | January 1, 2023                                                   |
| HKFRS 17                                               | Insurance Contract                                                                    | January 1, 2023                                                   |
| HKFRS 10 and HKAS 28 (Amendment)                       | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined                                                  |

The Group has already commenced an assessment of the impact of these new standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the Group's consolidated financial statements is expected when they become effective.

## 2.2 Principles of consolidation and equity accounting

### (a) Subsidiaries

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

**(b) *Joint arrangements***

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 2.2(c) below), after initially being recognized at cost in the consolidated statements of financial position.

**(c) *Equity method***

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

**(d) *Changes in ownership interests in subsidiaries without change of control***

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

**2.3 Business combinations**

**(a) *Business combinations under common control***

The Historical Financial Information incorporates the financial statement items of the entities of businesses in which the common control combination occurs as if they had been consolidated from the date when the entities of businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transitions, balances and unrealized gains on transactions between combining entities or business are eliminated on consolidation.

**(b) Business combinations not under common control**

The acquisition method of accounting is used to account for all business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

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

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

**2.4 Separate financial statements**

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

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

## 2.5 Segment reporting

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

## 2.6 Foreign currency translation

### (a) *Functional and presentation currency*

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

### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized within “Other gains/(losses)—net” in the consolidated statements of comprehensive income.

## 2.7 Property, plant and equipment

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

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred.

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

|                           |            |
|---------------------------|------------|
| — Equipment and machinery | 5-10 years |
| — Vehicles                | 5 years    |
| — Furniture               | 5 years    |
| — Leasehold improvements  | 2-10 years |
| — Right-of-use assets     | 1-10 years |

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

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

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other gains/(losses)—net” in the consolidated statements of comprehensive income.

## 2.8 Intangible assets

Intangible assets represent computer software and are initially recognized and measured at costs incurred to acquire and bring them to use. Intangible assets are amortized over their estimated useful lives (generally 10 years based on management's expectation on the technological lives of the systems), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

Research and development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

## 2.9 Impairment of non-financial assets

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

## 2.10 Investments and other financial assets

### (a) Classification

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

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

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

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

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

**(b) Recognition and derecognition**

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

**(c) Measurement**

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

**Debt instruments**

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

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

**Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in "Other gains/(losses)—net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**2.11 Offsetting financial instruments**

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



**2.12 Impairment of financial assets**

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

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

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

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

**2.13 Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

**2.14 Other assets**

Other assets represent parking lots and are initially recognized and measured at costs incurred to acquire. Other assets are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price of disposals, less the estimated costs of completion and the estimated costs necessary to make the disposals.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses) – net" in the consolidated statements of comprehensive income.

**2.15 Trade and other receivables**

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

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

**2.16 Cash and cash equivalents, restricted cash**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank deposits which are restricted to use are included in "restricted cash" in the consolidated statements of financial position.

**2.17 Share capital**

Ordinary shares are classified as equity.

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

**2.18 Trade and other payables**

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

**2.19 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**2.20 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**2.21 Current and deferred income tax**

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

**(a) Current income tax**

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

**(b) Deferred income tax**

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

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

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

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

## 2.22 Employee benefits

### (a) *Pension obligations*

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

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

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

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

### (c) *Termination benefits*

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

### (d) *Short-term obligations*

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

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

**2.23 Provisions**

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

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

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

**2.24 Revenue recognition**

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

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

**(a) Property management services**

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

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

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

Value-added services to non-property owners primarily consist of: (i) sales assistance services, primarily include visitors reception, on-site cleaning, security, repair and maintenance services to assist property developers in showcasing and marketing their properties at the pre-sale stage of property sales, (ii) pre-delivery services, including cleaning, inspection, repair and maintenance services to non-property owners at the pre-delivery stage and to a lesser extent, repair and maintenances services after delivery where such services are required by property developers based on inspection of relevant properties, and (iii) consultancy and other services including consultancy services for property developers and property management companies on project planning and management as well as other value-added services such as printing and documentation services.

The Group agrees the price for each service with the customers upfront and issues the monthly or quarterly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognized when the value-added services are rendered.

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

Community value-added services primarily consist of: (i) home-living services, which primarily include sales of goods, and home cleaning services, (ii) community management services, which primarily include common area maintenance services, such as waste disposal services, as well as public resources management services, such as public spaces leasing, delivery services and advertising services, (iii) home decoration services, which refers to home decoration services and move-in furnishing services, and (iv) comprehensive living and traveling services, which primarily include property agency services and travel agency services.

Revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

For sales of goods, the Group procures merchandise from suppliers and sells goods to the property owners and corporate customers. Sales of goods are recognized when the Group delivers the goods to the customers.

The Group acts as a sales agent for property owners and provides residential property agency services, which charge such property owners a commission calculated based on the contract purchase price.

**(d) Smart living technology solutions**

Smart living technology solutions primarily include (i) smart design services, which refers to providing smart function solutions in relation to project construction for property developers and selling technology products to property owners, (ii) smart on-site service, which refers to providing technology services for property developers during the pre-sale or property sales stages, (iii) smart integrated operation platform services, including the development, customization, installation and maintenance of IBMS (intelligent building management system) operation platforms.

Revenue is recognized when the smart living technology solutions are rendered to the customer.

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

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

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

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

**2.25 Interest income**

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

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss and presented in the consolidated statements of comprehensive income as "other income".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes or the interest income is earned from loans to relates parties which are in connection with the asset-backed securities ("ABS") and asset-backed notes ("ABN") arrangements as described in Notes 11 and 28 below.

**2.26 Leases**

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

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

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

The lease payments are discounted using the interest rate implicit in the lease, if that can be determined, or the Group's incremental borrowing rate.

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

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

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

## 2.27 Dividend distribution

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

## 2.28 Earnings per share

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

Basic earnings per share is calculated by dividing:

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

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

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

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

## 2.29 Government grants

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

Government grants relating to costs are deferred and recognized in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

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

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

#### 3.1.1 Market risk

##### (a) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from loans to the Jinke Property and its subsidiaries (the "Jinke Property Group") and primarily borrowings.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, loans to the Jinke Property Group and borrowings of the Group were all bearing interests at fixed interest rates (Notes 33(d) and 28) and hence exposing the Group to fair value interest rate risk.

#### 3.1.2 Credit risk

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

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

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

##### (b) Financial assets at fair value through profit or loss

The Group expects that there is no significant credit risk associated with financial assets at fair value through profit or loss since the Group furnishes investment mandates to commercial banks. These mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

##### (c) Trade and bill receivables

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

To measure the ECL, trade receivables other than those due from the Jinke Property Group have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

The Group assessed that the expected credit loss rate for trade receivables from the Jinke Property Group were low since the Jinke Property Group have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for trade receivables from the Jinke Property Group are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial.

The Group assessed that the expected credit loss rate for bill receivables from banks were low since the banks are state-owned or other medium or large-size listed banks and have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for bill receivables from the banks are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial.

*(d) Other receivables*

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables (excluding prepayments to suppliers and prepaid tax) are categorised as follows for assessment purpose:

|         |                                                                                            |
|---------|--------------------------------------------------------------------------------------------|
| Group 1 | Other receivables due from the Jinke Property Group                                        |
| Group 2 | Other receivables due from associates and joint ventures of the Company and Jinke Property |
| Group 3 | Performance guarantee deposits paid                                                        |
| Group 4 | Other receivables other than those mentioned above                                         |

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

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



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

| <u>Category</u> | <u>Group definition of category</u>                                                                                                                                                    | <u>Basis for recognition of expected credit loss provision</u>                                                                                   |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Performing      | Customers have a low risk of default and a strong capacity to meet contractual cash flows                                                                                              | 12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime |
| Underperforming | Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 365 days past due | Lifetime expected losses                                                                                                                         |
| Non-performing  | Interest and/or principal repayments are 730 days past due                                                                                                                             | Lifetime expected losses                                                                                                                         |

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

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

As of December 31, 2017, 2018 and 2019 and June 30, 2020, the loss allowance provision for the trade receivables other than those due from the Jinke Property Group was determined as follows. The expected credit losses below also incorporated forward looking information.

|                                       | <u>Up to<br/>1 year</u> | <u>1 to<br/>2 years</u> | <u>2 to<br/>3 years</u> | <u>3 to<br/>5 years</u> | <u>Over<br/>5 years</u> | <u>Total</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------|
| <b>Trade receivables</b>              |                         |                         |                         |                         |                         |              |
| At December 31, 2017                  |                         |                         |                         |                         |                         |              |
| Expected loss rate                    | 1%                      | 5%                      | 20%                     | 50%                     | 100%                    |              |
| Gross carrying amount<br>(RMB'000)    | 168,103                 | 1,778                   | 321                     | –                       | 20                      | 170,222      |
| Loss allowance<br>provision (RMB'000) | <u>1,681</u>            | <u>89</u>               | <u>64</u>               | <u>–</u>                | <u>20</u>               | <u>1,854</u> |
| At December 31, 2018                  |                         |                         |                         |                         |                         |              |
| Expected loss rate                    | 1%                      | 5%                      | 20%                     | 50%                     | 100%                    |              |
| Gross carrying amount<br>(RMB'000)    | 229,922                 | 8,144                   | 65                      | 119                     | 20                      | 238,270      |
| Loss allowance<br>provision (RMB'000) | <u>2,299</u>            | <u>407</u>              | <u>13</u>               | <u>60</u>               | <u>20</u>               | <u>2,799</u> |

|                                       | Up to<br>1 year | 1 to<br>2 years | 2 to<br>3 years | 3 to<br>5 years | Over<br>5 years | Total        |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| At December 31, 2019                  |                 |                 |                 |                 |                 |              |
| Expected loss rate                    | 1%              | 5%              | 20%             | 50%             | 100%            |              |
| Gross carrying amount<br>(RMB'000)    | 418,067         | 9,740           | 2,673           | 186             | 20              | 430,686      |
| Loss allowance<br>provision (RMB'000) | <u>4,181</u>    | <u>487</u>      | <u>535</u>      | <u>93</u>       | <u>20</u>       | <u>5,316</u> |
| At June 30, 2020                      |                 |                 |                 |                 |                 |              |
| Expected loss rate                    | 1%              | 5%              | 20%             | 50%             | 100%            |              |
| Gross carrying amount<br>(RMB'000)    | 580,013         | 23,668          | 2,023           | 1,061           | 20              | 606,785      |
| Loss allowance<br>provision (RMB'000) | <u>5,800</u>    | <u>1,183</u>    | <u>405</u>      | <u>531</u>      | <u>20</u>       | <u>7,939</u> |

As of 31 December, 2017, 2018 and 2019 and June 30, 2020, the gross carrying amount and loss allowance of other receivables in categories are as follows:

|         | As of December 31,          |                   |                             |                   |                             |                   | As of June 30,              |                   |
|---------|-----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
|         | 2017                        |                   | 2018                        |                   | 2019                        |                   | 2020                        |                   |
|         | Gross<br>carrying<br>amount | Loss<br>allowance | Gross<br>carrying<br>amount | Loss<br>allowance | Gross<br>carrying<br>amount | Loss<br>allowance | Gross<br>carrying<br>amount | Loss<br>allowance |
|         | RMB'000                     | RMB'000           | RMB'000                     | RMB'000           | RMB'000                     | RMB'000           | RMB'000                     | RMB'000           |
| Group 1 | 1,601,367                   | –                 | 3,167,687                   | –                 | 2,854,258                   | –                 | 1,805,449                   | –                 |
| Group 2 | 33,177                      | 33                | 34,336                      | 34                | 33,340                      | 33                | 36,459                      | 36                |
| Group 3 | 7,673                       | 4                 | 9,437                       | 5                 | 17,204                      | 9                 | 21,334                      | 11                |
| Group 4 | 23,598                      | 1,154             | 31,146                      | 1,212             | 63,122                      | 1,990             | 48,950                      | 1,616             |
| Total   | <u>1,665,815</u>            | <u>1,191</u>      | <u>3,242,606</u>            | <u>1,251</u>      | <u>2,967,924</u>            | <u>2,032</u>      | <u>1,912,192</u>            | <u>1,663</u>      |

The Group expects that the credit risk associated with other receivables due from the Jinke Property Group is considered to be low, since these entities have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for the amounts due from these entities are immaterial under 12 months ECL method and considered them to have low credit risk and thus the loss allowance is immaterial. The Group has assessed that the expected credit losses of Group 1 are not significant.

The Group expects that a certain credit risk exists on performance guarantee and other receivables due from associates and joint ventures of the Company and Jinke Property. The Group has assessed that the ECL rate for Group 2 and Group 3 is 0.1% and 0.05% respectively.

The Group has assessed that Group 4 is on stage 1 and use 12 months ECL method. As of December 31, 2017, 2018 and 2019 and June 30, 2020, the loss allowance of Group 4 was determined as follows for other receivables:

|                                       | <u>Up to<br/>1 year</u> | <u>1 to<br/>2 years</u> | <u>2 to<br/>3 years</u> | <u>3 to<br/>4 years</u> | <u>4 to<br/>5 years</u> | <u>Over<br/>5 years</u> | <u>Total</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------|
| <b>Other receivables</b>              |                         |                         |                         |                         |                         |                         |              |
| At December 31, 2017                  |                         |                         |                         |                         |                         |                         |              |
| Expected loss rate                    | 1%                      | 5%                      | 20%                     | 49%                     | 64%                     | 100%                    |              |
| Gross carrying amount<br>(RMB'000)    | 20,232                  | 1,929                   | 345                     | 396                     | 288                     | 408                     | 23,598       |
| Loss allowance<br>provision (RMB'000) | <u>202</u>              | <u>96</u>               | <u>69</u>               | <u>194</u>              | <u>185</u>              | <u>408</u>              | <u>1,154</u> |
| At December 31, 2018                  |                         |                         |                         |                         |                         |                         |              |
| Expected loss rate                    | 1%                      | 5%                      | 20%                     | 49%                     | 64%                     | 100%                    |              |
| Gross carrying amount<br>(RMB'000)    | 26,496                  | 2,762                   | 959                     | 333                     | 396                     | 200                     | 31,146       |
| Loss allowance<br>provision (RMB'000) | <u>265</u>              | <u>138</u>              | <u>192</u>              | <u>163</u>              | <u>254</u>              | <u>200</u>              | <u>1,212</u> |
| At December 31, 2019                  |                         |                         |                         |                         |                         |                         |              |
| Expected loss rate                    | 1%                      | 5%                      | 20%                     | 49%                     | 64%                     | 100%                    |              |
| Gross carrying amount<br>(RMB'000)    | 55,654                  | 5,523                   | 516                     | 500                     | 333                     | 596                     | 63,122       |
| Loss allowance<br>provision (RMB'000) | <u>557</u>              | <u>276</u>              | <u>103</u>              | <u>245</u>              | <u>213</u>              | <u>596</u>              | <u>1,990</u> |
| At June 30, 2020                      |                         |                         |                         |                         |                         |                         |              |
| Expected loss rate                    | 1%                      | 5%                      | 20%                     | 49%                     | 64%                     | 100%                    |              |
| Gross carrying amount<br>(RMB'000)    | 45,944                  | 1,271                   | 795                     | 11                      | –                       | 929                     | 48,950       |
| Loss allowance<br>provision (RMB'000) | <u>459</u>              | <u>64</u>               | <u>159</u>              | <u>5</u>                | <u>–</u>                | <u>929</u>              | <u>1,616</u> |

The loss allowance provision for trade and bill and other receivables reconciles to the opening loss allowance for that provision as follows:

|                                                                         | <b>Trade<br/>and bill<br/>receivables</b> | <b>Other<br/>receivables</b> | <b>Total</b>   |
|-------------------------------------------------------------------------|-------------------------------------------|------------------------------|----------------|
|                                                                         | <i>RMB'000</i>                            | <i>RMB'000</i>               | <i>RMB'000</i> |
| At January 1, 2017                                                      | 1,156                                     | 1,615                        | 2,771          |
| Provision/(reversal) for loss allowance<br>recognized in profit or loss | 763                                       | (419)                        | 344            |
| Receivables written off during the year<br>as uncollectible             | (65)                                      | (5)                          | (70)           |
| At December 31, 2017                                                    | <u>1,854</u>                              | <u>1,191</u>                 | <u>3,045</u>   |
| At January 1, 2018                                                      | 1,854                                     | 1,191                        | 3,045          |
| Provision for loss allowance recognized in<br>profit or loss            | 945                                       | 62                           | 1,007          |
| Receivables written off during the year<br>as uncollectible             | —                                         | (2)                          | (2)            |
| At December 31, 2018                                                    | <u>2,799</u>                              | <u>1,251</u>                 | <u>4,050</u>   |
| At January 1, 2019                                                      | 2,799                                     | 1,251                        | 4,050          |
| Provision for loss allowance recognized in<br>profit or loss            | 3,231                                     | 787                          | 4,018          |
| Receivables written off during the year<br>as uncollectible             | (714)                                     | (6)                          | (720)          |
| At December 31, 2019                                                    | <u>5,316</u>                              | <u>2,032</u>                 | <u>7,348</u>   |
| At January 1, 2020                                                      | 5,316                                     | 2,032                        | 7,348          |
| Provision/(reversal) for loss allowance<br>recognized in profit or loss | 2,623                                     | (296)                        | 2,327          |
| Receivables written off during the period<br>as uncollectible           | —                                         | (73)                         | (73)           |
| At June 30, 2020                                                        | <u>7,939</u>                              | <u>1,663</u>                 | <u>9,602</u>   |

As of December 31, 2017, 2018 and 2019 and June 30, 2020, the gross carrying amount of trade and bill and other receivables was RMB1,852,490,000, RMB3,535,687,000, RMB3,523,948,000 and RMB2,714,282,000 respectively, which represented the maximum exposure to credit loss as of the respective balance sheet dates.

### 3.1.3 Liquidity risk

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

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

|                                                                                        | <b>Less than<br/>1 year</b> | <b>Between<br/>1 and<br/>2 years</b> | <b>Between<br/>2 and<br/>5 years</b> | <b>Over<br/>5 years</b> | <b>Total</b>     |
|----------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|--------------------------------------|-------------------------|------------------|
|                                                                                        | <i>RMB'000</i>              | <i>RMB'000</i>                       | <i>RMB'000</i>                       | <i>RMB'000</i>          | <i>RMB'000</i>   |
| As of December 31, 2017                                                                |                             |                                      |                                      |                         |                  |
| <b>Financial liabilities</b>                                                           |                             |                                      |                                      |                         |                  |
| Borrowings                                                                             | 382,683                     | 384,170                              | 472,244                              | –                       | 1,239,097        |
| Trade and bill and other payables (excluding accrued payroll and other taxes payables) | 867,199                     | –                                    | –                                    | –                       | 867,199          |
| Lease liabilities (including interest payments)                                        | 312                         | 269                                  | 692                                  | 159                     | 1,432            |
|                                                                                        | <u>1,250,194</u>            | <u>384,439</u>                       | <u>472,936</u>                       | <u>159</u>              | <u>2,107,728</u> |
| As of December 31, 2018                                                                |                             |                                      |                                      |                         |                  |
| <b>Financial liabilities</b>                                                           |                             |                                      |                                      |                         |                  |
| Borrowings                                                                             | 659,170                     | 798,896                              | 1,314,148                            | –                       | 2,772,214        |
| Trade and bill and other payables (excluding accrued payroll and other taxes payables) | 1,093,629                   | –                                    | –                                    | –                       | 1,093,629        |
| Lease liabilities (including interest payments)                                        | 2,162                       | 1,139                                | 2,501                                | –                       | 5,802            |
|                                                                                        | <u>1,754,961</u>            | <u>800,035</u>                       | <u>1,316,649</u>                     | <u>–</u>                | <u>3,871,645</u> |
| As of December 31, 2019                                                                |                             |                                      |                                      |                         |                  |
| <b>Financial liabilities</b>                                                           |                             |                                      |                                      |                         |                  |
| Borrowings                                                                             | 798,896                     | 345,926                              | 968,222                              | –                       | 2,113,044        |
| Trade and bill and other payables (excluding accrued payroll and other taxes payables) | 1,253,312                   | –                                    | –                                    | –                       | 1,253,312        |
| Lease liabilities (including interest payments)                                        | 1,513                       | 1,235                                | 1,479                                | –                       | 4,227            |
|                                                                                        | <u>2,053,721</u>            | <u>347,161</u>                       | <u>969,701</u>                       | <u>–</u>                | <u>3,370,583</u> |
| As of June 30, 2020                                                                    |                             |                                      |                                      |                         |                  |
| <b>Financial liabilities</b>                                                           |                             |                                      |                                      |                         |                  |
| Borrowings                                                                             | 1,508,457                   | –                                    | –                                    | –                       | 1,508,457        |
| Trade and bill and other payables (excluding accrued payroll and other taxes payables) | 584,924                     | –                                    | –                                    | –                       | 584,924          |
| Lease liabilities (including interest payments)                                        | 1,323                       | 1,098                                | 968                                  | –                       | 3,389            |
|                                                                                        | <u>2,094,704</u>            | <u>1,098</u>                         | <u>968</u>                           | <u>–</u>                | <u>2,096,770</u> |

### 3.2 Capital management

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

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

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

As of December 31, 2017, 2018 and 2019 and June 30, 2020, asset-liability ratio of the Group is as follows:

|                       | As of December 31, |      |      | As of    |
|-----------------------|--------------------|------|------|----------|
|                       | 2017               | 2018 | 2019 | June 30, |
|                       |                    |      |      | 2020     |
| Asset-liability ratio | 90%                | 92%  | 88%  | 66%      |

There is no significant change in the asset-liability ratio as of 31 December 2017, 2018 and 2019. The change of the asset-liability ratio as of June 30, 2020 is mainly due to the capital contribution from owners. (Note 25).

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Allowance on doubtful receivables

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

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

### (b) Current and deferred income tax

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

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

## 5 SEGMENT INFORMATION

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

During the Track Record Period, the Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and smart living technology solutions in the PRC.

During the Track Record Period, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, all of the assets were located in the PRC.

## 6 REVENUE AND COST OF SALES

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners, community value-added services and smart living technology solutions. An analysis of the Group's revenue and cost of sales by category for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020 is as follows:

|                                   |                                             | Year ended December 31, |               |           |               |           |               | Six months ended June 30, |               |           |               |         |
|-----------------------------------|---------------------------------------------|-------------------------|---------------|-----------|---------------|-----------|---------------|---------------------------|---------------|-----------|---------------|---------|
|                                   |                                             | 2017                    |               | 2018      |               | 2019      |               | 2019                      |               | 2020      |               |         |
|                                   |                                             | Revenue                 | Cost of sales | Revenue   | Cost of sales | Revenue   | Cost of sales | Revenue                   | Cost of sales | Revenue   | Cost of sales |         |
|                                   |                                             | RMB'000                 | RMB'000       | RMB'000   | RMB'000       | RMB'000   | RMB'000       | RMB'000                   | RMB'000       | RMB'000   | RMB'000       |         |
|                                   |                                             | (Unaudited)             |               |           |               |           |               | (Unaudited)               |               |           |               |         |
| Property management services      | Timing of revenue recognition               |                         |               |           |               |           |               |                           |               |           |               |         |
|                                   | Over time                                   | 760,899                 | 599,203       | 1,020,300 | 819,710       | 1,465,792 | 1,147,027     | 665,990                   | 517,602       | 925,381   | 667,725       |         |
|                                   | Value-added services to non-property owners | Over time               | 202,931       | 134,614   | 367,530       | 247,034   | 596,391       | 402,472                   | 226,393       | 150,775   | 292,227       | 175,715 |
|                                   | Community value-added services              |                         | 76,811        | 30,626    | 125,464       | 60,885    | 238,603       | 128,600                   | 98,177        | 51,814    | 125,568       | 79,573  |
|                                   | — Sales of goods                            | At a point in time      | 2,002         | 1,782     | 22,976        | 20,508    | 80,464        | 72,436                    | 32,164        | 28,668    | 70,703        | 63,669  |
| — Other value-added services      | Over time                                   | 74,809                  | 28,844        | 102,488   | 40,377        | 158,139   | 56,164        | 66,013                    | 23,146        | 54,865    | 15,904        |         |
| Smart living technology solutions | Over time                                   | 6,400                   | 2,052         | 10,592    | 5,424         | 26,871    | 13,880        | 14,747                    | 7,574         | 26,428    | 13,557        |         |
|                                   |                                             | 1,047,041               | 766,495       | 1,523,886 | 1,133,053     | 2,327,657 | 1,691,979     | 1,005,307                 | 727,765       | 1,369,604 | 936,570       |         |

|                                      | Year ended December 31, |                  |                  | Six months ended<br>June 30, |                  |
|--------------------------------------|-------------------------|------------------|------------------|------------------------------|------------------|
|                                      | 2017                    | 2018             | 2019             | 2019                         | 2020             |
|                                      | <i>RMB'000</i>          | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>               | <i>RMB'000</i>   |
|                                      |                         |                  |                  | (Unaudited)                  |                  |
| <b>Method of revenue recognition</b> |                         |                  |                  |                              |                  |
| Gross basis                          | 1,025,502               | 1,498,745        | 2,289,181        | 992,551                      | 1,352,008        |
| Net basis                            | 21,539                  | 25,141           | 38,476           | 12,756                       | 17,596           |
|                                      | <u>1,047,041</u>        | <u>1,523,886</u> | <u>2,327,657</u> | <u>1,005,307</u>             | <u>1,369,604</u> |

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue from the Jinke Property Group contributed 25%, 23%, 22%, 17% and 21% of the Group's revenue, respectively. Other than the Jinke Property Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

**(a) Contract liabilities**

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

|                                | As of December 31, |                |                | As of<br>June 30, |
|--------------------------------|--------------------|----------------|----------------|-------------------|
|                                | 2017               | 2018           | 2019           | 2020              |
|                                | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Property management services   | 159,486            | 212,925        | 284,595        | 320,830           |
| Community value-added services | 2,585              | 6,535          | 6,607          | 4,906             |
|                                | <u>162,071</u>     | <u>219,460</u> | <u>291,202</u> | <u>325,736</u>    |

The Company has recognized the following revenue-related contract liabilities:

|                                | As of December 31, |                |                | As of<br>June 30, |
|--------------------------------|--------------------|----------------|----------------|-------------------|
|                                | 2017               | 2018           | 2019           | 2020              |
|                                | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Property management services   | 157,404            | 205,255        | 273,481        | 304,569           |
| Community value-added services | 2,438              | 6,535          | 6,607          | 4,906             |
|                                | <u>159,842</u>     | <u>211,790</u> | <u>280,088</u> | <u>309,475</u>    |



(i) *Significant changes in contract liabilities*

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the expansion of business volume from business development activities.

(ii) *Revenue recognized in relation to contract liabilities*

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

## The Group

|                                                                                                                        | Year ended December 31, |                |                | Six months ended June 30, |                |
|------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------|---------------------------|----------------|
|                                                                                                                        | 2017                    | 2018           | 2019           | 2019                      | 2020           |
|                                                                                                                        | RMB'000                 | RMB'000        | RMB'000        | RMB'000                   | RMB'000        |
|                                                                                                                        |                         |                |                | (Unaudited)               |                |
| <b>Revenue recognized that was included in the balance of contract liabilities at the beginning of the year/period</b> |                         |                |                |                           |                |
| Property management services                                                                                           | 109,189                 | 159,486        | 212,925        | 110,721                   | 153,681        |
| Community value-added services                                                                                         | 581                     | 2,585          | 6,535          | 3,398                     | 3,568          |
|                                                                                                                        | <u>109,770</u>          | <u>162,071</u> | <u>219,460</u> | <u>114,119</u>            | <u>157,249</u> |

## The Company

|                                                                                                                        | Year ended December 31, |                |                | Six months ended June 30, |                |
|------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------|---------------------------|----------------|
|                                                                                                                        | 2017                    | 2018           | 2019           | 2019                      | 2020           |
|                                                                                                                        | RMB'000                 | RMB'000        | RMB'000        | RMB'000                   | RMB'000        |
|                                                                                                                        |                         |                |                | (Unaudited)               |                |
| <b>Revenue recognized that was included in the balance of contract liabilities at the beginning of the year/period</b> |                         |                |                |                           |                |
| Property management services                                                                                           | 107,211                 | 157,404        | 205,255        | 106,733                   | 147,679        |
| Community value-added services                                                                                         | 572                     | 2,438          | 6,535          | 3,398                     | 3,568          |
|                                                                                                                        | <u>107,783</u>          | <u>159,842</u> | <u>211,790</u> | <u>110,131</u>            | <u>151,247</u> |

(iii) *Unsatisfied performance obligations*

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

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

## 7 OTHER INCOME

|                                                            | Year ended December 31, |              |               | Six months ended June 30, |               |
|------------------------------------------------------------|-------------------------|--------------|---------------|---------------------------|---------------|
|                                                            | 2017                    | 2018         | 2019          | 2019                      | 2020          |
|                                                            | RMB'000                 | RMB'000      | RMB'000       | RMB'000                   | RMB'000       |
|                                                            |                         |              |               | (Unaudited)               |               |
| Interest income from loans to related parties (Note 33(d)) | –                       | –            | 26,799        | 13,930                    | 15,281        |
| Government grants (Note (a))                               | 3,433                   | 3,330        | 20,782        | 1,462                     | 3,609         |
| Value-added tax deductible                                 | –                       | –            | 4,565         | 1,163                     | 3,771         |
|                                                            | <u>3,433</u>            | <u>3,330</u> | <u>52,146</u> | <u>16,555</u>             | <u>22,661</u> |

(a) The government grants mainly represent financial subsidies granted by local government. There are no unfulfilled conditions or other contingencies attached to these grants.

## 8 EXPENSES BY NATURE

|                                       | Year ended December 31, |         |           | Six months ended June 30, |         |
|---------------------------------------|-------------------------|---------|-----------|---------------------------|---------|
|                                       | 2017                    | 2018    | 2019      | 2019                      | 2020    |
|                                       | RMB'000                 | RMB'000 | RMB'000   | RMB'000                   | RMB'000 |
|                                       |                         |         |           | (Unaudited)               |         |
| Employee benefit expenses             | 581,500                 | 824,686 | 1,116,144 | 501,314                   | 499,269 |
| Greening and cleaning expenses        | 138,140                 | 186,025 | 305,842   | 122,703                   | 176,241 |
| Security charges                      | 15,581                  | 25,760  | 78,377    | 18,775                    | 105,335 |
| Cost of goods sold                    | 1,782                   | 20,508  | 72,436    | 28,668                    | 63,669  |
| Maintenance costs                     | 55,768                  | 85,667  | 116,828   | 50,220                    | 50,171  |
| Utilities                             | 25,675                  | 33,137  | 43,895    | 16,619                    | 42,618  |
| Raw materials                         | 8,261                   | 10,017  | 18,388    | 9,250                     | 17,196  |
| Office expenses                       | 17,523                  | 30,816  | 28,657    | 13,215                    | 13,358  |
| Travelling and entertainment expenses | 18,102                  | 17,480  | 18,079    | 6,965                     | 7,098   |
| Depreciation and amortization charges | 7,785                   | 10,515  | 11,712    | 5,805                     | 6,321   |
| Turnover taxes and other levies       | 7,275                   | 8,885   | 11,505    | 5,221                     | 6,188   |
| Community activities expenses         | 5,428                   | 8,175   | 14,525    | 7,179                     | 5,944   |
| Bank charges                          | 2,987                   | 4,571   | 6,786     | 2,961                     | 4,358   |

|                                                                                 | Year ended December 31, |           |           | Six months ended June 30, |           |
|---------------------------------------------------------------------------------|-------------------------|-----------|-----------|---------------------------|-----------|
|                                                                                 | 2017                    | 2018      | 2019      | 2019                      | 2020      |
|                                                                                 | RMB'000                 | RMB'000   | RMB'000   | RMB'000<br>(Unaudited)    | RMB'000   |
| Operating lease payments<br>(Note 29)                                           | 2,084                   | 5,481     | 7,012     | 3,371                     | 3,298     |
| Research expenses                                                               | 656                     | 874       | 3,183     | 743                       | 3,186     |
| Consultancy fee                                                                 | 4,438                   | 10,792    | 6,811     | 1,120                     | 2,937     |
| Advertising expenses                                                            | 900                     | 1,080     | 3,692     | 2,253                     | 2,481     |
| Recruiting costs                                                                | 873                     | 2,211     | 1,117     | 476                       | 638       |
| Tourism services costs                                                          | 5,727                   | 12,713    | 12,548    | 9,376                     | 370       |
| Auditor remuneration – Audit services                                           | 206                     | 271       | 393       | 133                       | 35        |
| Others                                                                          | 15,535                  | 22,822    | 50,460    | 14,729                    | 16,488    |
| Total cost of sales, selling and marketing expenses and administrative expenses | 916,226                 | 1,322,486 | 1,928,390 | 821,096                   | 1,027,199 |

## 9 EMPLOYEE BENEFIT EXPENSES

|                                         | Year ended December 31, |         |           | Six months ended June 30, |         |
|-----------------------------------------|-------------------------|---------|-----------|---------------------------|---------|
|                                         | 2017                    | 2018    | 2019      | 2019                      | 2020    |
|                                         | RMB'000                 | RMB'000 | RMB'000   | RMB'000<br>(Unaudited)    | RMB'000 |
| Wages, salaries and bonuses             | 493,695                 | 688,042 | 930,958   | 417,333                   | 433,322 |
| Social insurance expenses<br>(Note (a)) | 55,487                  | 83,925  | 112,557   | 51,050                    | 31,790  |
| Housing benefits                        | 12,166                  | 18,875  | 25,346    | 11,863                    | 13,004  |
| Other employee benefits<br>(Note (b))   | 20,152                  | 33,844  | 47,283    | 21,068                    | 21,153  |
|                                         | 581,500                 | 824,686 | 1,116,144 | 501,314                   | 499,269 |

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

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, affected by Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February to June 2020 have been reduced or exempted accordingly.

- (b) Other employee benefits mainly include meal, housing allowances and holiday benefits.
- (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2, 3, 3, 3 and 3 directors and supervisors for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020 respectively, whose emoluments are reflected in the analysis shown in Note 36. The emoluments payable to the remaining 3, 2, 2, 2 and 2 individuals during the Track Record Period are as follows:

|                                                                             | Year ended December 31, |              |              | Six months ended June 30, |              |
|-----------------------------------------------------------------------------|-------------------------|--------------|--------------|---------------------------|--------------|
|                                                                             | 2017                    | 2018         | 2019         | 2019                      | 2020         |
|                                                                             | RMB'000                 | RMB'000      | RMB'000      | RMB'000                   | RMB'000      |
|                                                                             |                         |              |              | (Unaudited)               |              |
| Wages, salaries and bonuses                                                 | 3,582                   | 2,675        | 2,818        | 842                       | 1,168        |
| Pension costs, housing funds, medical insurance and other social insurances | 241                     | 182          | 158          | 72                        | 79           |
|                                                                             | <u>3,823</u>            | <u>2,857</u> | <u>2,976</u> | <u>914</u>                | <u>1,247</u> |

The emoluments fell within the following bands:

|                                   | Number of individuals   |          |          |                           |          |
|-----------------------------------|-------------------------|----------|----------|---------------------------|----------|
|                                   | Year ended December 31, |          |          | Six months ended June 30, |          |
|                                   | 2017                    | 2018     | 2019     | 2019                      | 2020     |
|                                   |                         |          |          | (Unaudited)               |          |
| Emolument bands<br>(in HK dollar) |                         |          |          |                           |          |
| Nil—HK\$1,000,000                 | —                       | —        | —        | 2                         | 2        |
| HK\$1,000,001—HK\$1,500,000       | 2                       | —        | —        | —                         | —        |
| HK\$1,500,001—HK\$2,000,000       | 1                       | 2        | 2        | —                         | —        |
|                                   | <u>3</u>                | <u>2</u> | <u>2</u> | <u>2</u>                  | <u>2</u> |

## 10 OTHER GAINS/(LOSSES)—NET

|                                                                               | Year ended December 31, |              |              | Six months ended June 30, |            |
|-------------------------------------------------------------------------------|-------------------------|--------------|--------------|---------------------------|------------|
|                                                                               | 2017                    | 2018         | 2019         | 2019                      | 2020       |
|                                                                               | RMB'000                 | RMB'000      | RMB'000      | RMB'000<br>(Unaudited)    | RMB'000    |
| Gains/(losses) on disposal of subsidiaries                                    | 1,250                   | 78           | —            | —                         | (1,242)    |
| Remeasurement gains/(losses) on investment in joint ventures                  | —                       | —            | 160          | —                         | (71)       |
| Net fair value gains on financial assets at fair value through profit or loss | 254                     | 52           | —            | —                         | —          |
| Losses on disposal of property, plant and equipment                           | (204)                   | (137)        | (167)        | (46)                      | (44)       |
| (Losses)/gains on disposal of other assets                                    | (539)                   | (954)        | 1,894        | 597                       | 1,538      |
| Others                                                                        | (724)                   | 364          | 61           | 505                       | 430        |
|                                                                               | <u>37</u>               | <u>(597)</u> | <u>1,948</u> | <u>1,056</u>              | <u>611</u> |

## 11 FINANCE INCOME/(COST)—NET

|                                                          | Year ended December 31, |                  |                  | Six months ended June 30, |                 |
|----------------------------------------------------------|-------------------------|------------------|------------------|---------------------------|-----------------|
|                                                          | 2017                    | 2018             | 2019             | 2019                      | 2020            |
|                                                          | RMB'000                 | RMB'000          | RMB'000          | RMB'000<br>(Unaudited)    | RMB'000         |
| Finance income                                           |                         |                  |                  |                           |                 |
| Interest income from bank deposits                       | 2,412                   | 1,864            | 1,175            | 656                       | 1,190           |
| Interest income from loans to related parties (Note (a)) | 107,319                 | 154,324          | 159,556          | 84,221                    | 62,183          |
|                                                          | <u>109,731</u>          | <u>156,188</u>   | <u>160,731</u>   | <u>84,877</u>             | <u>63,373</u>   |
| Finance cost                                             |                         |                  |                  |                           |                 |
| Interest expense on borrowings (Note 28)                 | (107,364)               | (161,377)        | (159,701)        | (84,281)                  | (62,183)        |
| Interest expense of lease liabilities                    | (75)                    | (281)            | (261)            | (139)                     | (100)           |
|                                                          | <u>(107,439)</u>        | <u>(161,658)</u> | <u>(159,962)</u> | <u>(84,420)</u>           | <u>(62,283)</u> |
| Finance income/(cost)—net                                | <u>2,292</u>            | <u>(5,470)</u>   | <u>769</u>       | <u>457</u>                | <u>1,090</u>    |

(a) This interest income is arisen from the loans as advanced back to the subsidiaries of Jinke Property subsequent to the receipt of the proceeds of the Borrowings as mentioned in Note 28.

## 12 INCOME TAX EXPENSES

|                               | Year ended December 31, |         |         | Six months ended June 30, |         |
|-------------------------------|-------------------------|---------|---------|---------------------------|---------|
|                               | 2017                    | 2018    | 2019    | 2019                      | 2020    |
|                               | RMB'000                 | RMB'000 | RMB'000 | RMB'000                   | RMB'000 |
|                               |                         |         |         | (Unaudited)               |         |
| Current income tax            |                         |         |         |                           |         |
| — PRC corporate income tax    | 25,782                  | 35,660  | 76,221  | 34,014                    | 60,864  |
| Deferred income tax (Note 30) |                         |         |         |                           |         |
| — PRC corporate income tax    | (3,241)                 | (1,930) | (493)   | (605)                     | 1,081   |
|                               | 22,541                  | 33,730  | 75,728  | 33,409                    | 61,945  |

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

|                                                                                     | Year ended December 31, |         |         | Six months ended June 30, |         |
|-------------------------------------------------------------------------------------|-------------------------|---------|---------|---------------------------|---------|
|                                                                                     | 2017                    | 2018    | 2019    | 2019                      | 2020    |
|                                                                                     | RMB'000                 | RMB'000 | RMB'000 | RMB'000                   | RMB'000 |
|                                                                                     |                         |         |         | (Unaudited)               |         |
| Profit before income tax                                                            | 136,233                 | 197,656 | 450,112 | 198,988                   | 364,440 |
| Tax charge at effective rate applicable to profits in the respective group entities | 22,239                  | 33,286  | 75,869  | 33,313                    | 61,931  |
| Tax effects of:                                                                     |                         |         |         |                           |         |
| — Expenses not deductible for tax purposes                                          | 568                     | 611     | 245     | 171                       | 317     |
| — Tax effect of super deduction                                                     | (271)                   | (225)   | (672)   | (260)                     | (480)   |
| — The impact of change in tax rate applicable to subsidiaries                       | 5                       | 58      | 286     | 185                       | 177     |
| Total income tax expenses                                                           | 22,541                  | 33,730  | 75,728  | 33,409                    | 61,945  |

The effective income tax rate was 17% for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

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

The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% for certain years.

## 13 EARNINGS PER SHARE

For the purpose of computing basic and diluted earnings per share, ordinary shares were assumed to have issued and allocated on January 1, 2017 as if the Company has been converted from a limited liability company into a joint stock company by then. Details are set out in Note 25.

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares during the Track Record Period.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

|                                                                                                                                               | Year ended December 31, |         |         | Six months ended June 30, |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------|---------|---------------------------|---------|
|                                                                                                                                               | 2017                    | 2018    | 2019    | 2019                      | 2020    |
|                                                                                                                                               |                         |         |         | (Unaudited)               |         |
| Profit attributable to owners of the Company (RMB'000)                                                                                        | 113,551                 | 161,776 | 366,452 | 162,434                   | 293,756 |
| Weighted average number of ordinary shares (in thousands)                                                                                     | 455,473                 | 455,473 | 455,473 | 455,473                   | 459,925 |
| Basic and diluted earnings per share for profit attributable to the owners of the Company during the year/period (expressed in RMB per share) | 0.25                    | 0.36    | 0.80    | 0.36                      | 0.64    |

## 14 SUBSIDIARIES

The following is a list of the principal subsidiaries at December 31, 2017, 2018 and 2019 and June 30, 2020:

| Company name                                                            | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital   | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note   |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|--------|
| Directly owned:                                                         |                                                                         |                               |                                                                   |                                                                   |                                                                   |                                                               |                                             |        |
| Chongqing Kangcheng Air Ticket Agent Co., Ltd.*<br>重慶康程航空票務代理有限公司       | The PRC, January 21, 2013, limited liability company                    | RMB500,000/<br>RMB500,000     | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Tickets agency in Chongqing                 | (viii) |
| Chongqing Jinke Junyou Property Management Co., Ltd.*<br>重慶金科俊友物業管理有限公司 | The PRC, June 3, 2013, limited liability company                        | RMB500,000/<br>RMB500,000     | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Property management services in Chongqing   | (viii) |
| Chongqing Jinling Intelligent Device Co., Ltd.*<br>重慶金令智慧設備有限公司         | The PRC, June 14, 2013, limited liability company                       | RMB3,000,000/<br>RMB3,000,000 | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Technology services in Chongqing            | (i)    |

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| Company name                                                                                            | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital     | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note            |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|-----------------|
| Chongqing Ruibo Asset Management Consulting Co., Ltd.*<br>重慶睿博資產管理諮詢有限公司                                | The PRC, June 14, 2013, limited liability company                       | RMB10,000,000/<br>RMB500,000    | 100%                                                              | 100%                                                              | 100%                                                              | N/A                                                           | Asset management services in Chongqing      | (viii)<br>(xiv) |
| Chongqing Kangcheng International Travel Agency Co., Ltd.* ("Kangcheng International")<br>重慶康程國際旅行社有限公司 | The PRC, August 22, 2014, limited liability company                     | RMB5,000,000/<br>RMB5,000,000   | 100%                                                              | 100%                                                              | 100%                                                              | 63%                                                           | Travel services in Chongqing                | (i)<br>(xvi)    |
| Yancheng Jinke Yongheng Property Service Co., Ltd.*<br>鹽城金科詠恒物業服務有限公司                                   | The PRC, May 9, 2018, limited liability company                         | RMB10,000,000/<br>RMB2,000,000  | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Yancheng    | (ii)            |
| Chongqing Shunsheng Chengxun Property Management Co., Ltd.*<br>重慶市順盛誠動物業管理有限公司                          | The PRC, October 27, 2011, limited liability company                    | RMB500,000/<br>RMB50,000        | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Property management services in Chongqing   | (i)             |
| Dehong Huajiang Property Co., Ltd.*<br>德宏華江物業有限公司                                                       | The PRC, April 10, 2014, limited liability company                      | RMB500,000/<br>RMB50,000        | 51%                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Mangshi     | (viii)          |
| Wuxi Jinke Huijin Property Management Co., Ltd.*<br>無錫市金科匯錦物業管理有限公司                                     | The PRC, November 24, 2004, limited liability company                   | RMB3,000,000/<br>RMB3,000,000   | 51%                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Wuxi        | (iii)<br>(viii) |
| Chongqing Jinke Life Services Co., Ltd.*<br>重慶金科生活服務有限公司                                                | The PRC, May 8, 2017, limited liability company                         | RMB100,000,000/<br>RMB2,000,000 | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Property management services in Chongqing   | (viii)          |
| Directly owned:                                                                                         |                                                                         |                                 |                                                                   |                                                                   |                                                                   |                                                               |                                             |                 |
| Hubei Guangxingyi Commercial Management Co., Ltd.*<br>湖北廣興誼商業經營管理有限公司                                   | The PRC, July 12, 2017, limited liability company                       | RMB1,680,000/<br>Nil            | 51%                                                               | N/A                                                               | N/A                                                               | N/A                                                           | Property management services in Wuhan       | (vii)<br>(viii) |
| Chongqing Jinbosì Education Technology Co., Ltd.*<br>重慶金博思教育科技有限公司                                      | The PRC, September 25, 2017, limited liability company                  | RMB20,000,000/<br>RMB6,000,000  | 60%                                                               | 60%                                                               | 60%                                                               | 60%                                                           | Education services in Chongqing             | (vii)           |



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| Company name                                                          | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital   | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note           |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|----------------|
| Chongqing Jinke New Business Management Co., Ltd.*<br>重慶金科新商業管理有限公司   | The PRC, December 29, 2017, limited liability company                   | RMB5,000,000/<br>RMB5,000,000 | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Property management services in Chongqing   | (viii)         |
| Hubei Jinke Aobang Property Management Co., Ltd.*<br>湖北金科奧邦物業管理有限責任公司 | The PRC, April 13, 2018, limited liability company                      | RMB1,000,000/<br>Nil          | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Yicheng     | (viii)         |
| Zhengzhou Shengxiyuan Property Service Co., Ltd.*<br>鄭州盛西源物業服務有限公司    | The PRC, June 7, 2018, limited liability company                        | RMB1,000,000/<br>Nil          | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Zhengzhou   | (viii)         |
| Baoji Jinke Bohua Property Service Co., Ltd.*<br>寶雞金科博華物業服務有限公司       | The PRC, June 26, 2018, limited liability company                       | RMB1,000,000/<br>RMB1,000,000 | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Baoji       | (viii)         |
| Guizhou Jinke Yunxiang Property Service Co., Ltd.*<br>貴州金科雲翔物業服務有限公司  | The PRC, April 11, 2017, limited liability company                      | RMB500,000/<br>Nil            | 51%                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Bijie       | (viii)         |
| Liuzhou Jinke Yuandao Property Service Co., Ltd.*<br>柳州市金科遠道物業服務有限公司  | The PRC, August 29, 2018, limited liability company                     | RMB2,400,000/<br>RMB800,000   | N/A                                                               | 70%                                                               | 70%                                                               | 70%                                                           | Property management services in Liuzhou     | (iv)<br>(viii) |
| Chongqing Jinke Tongyun Property Service Co., Ltd.*<br>重慶金科同雲物業服務有限公司 | The PRC, July 27, 2018, limited liability company                       | RMB500,000/<br>Nil            | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Chongqing   | (viii)         |
| Shandong Jinke Denuo Property Service Co., Ltd.*<br>山東金科德諾物業服務有限公司    | The PRC, September 21, 2018, limited liability company                  | RMB5,000,000/<br>Nil          | N/A                                                               | 60%                                                               | 60%                                                               | 60%                                                           | Property management services in Dezhou      | (viii)         |
| Directly owned:                                                       |                                                                         |                               |                                                                   |                                                                   |                                                                   |                                                               |                                             |                |
| Tongren Jinke Meilin Property Service Co., Ltd.*<br>銅仁市金科美鄰物業服務有限公司   | The PRC, October 10, 2018, limited liability company                    | RMB2,000,000/<br>RMB500,000   | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Tongren     | (viii)         |

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| Company name                                                                              | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital      | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note           |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|----------------|
| Sichuan Jinke Dingheng Property Service Co., Ltd.*<br>四川金科鼎恒物業服務有限公司                      | The PRC, October 18, 2018, limited liability company                    | RMB500,000/<br>Nil               | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Guang'an    | (viii)         |
| Guizhou Jinke Feiyun Property Service Co. Ltd.*<br>貴州金科飛雲物業服務有限公司                         | The PRC, September 18, 2018, limited liability company                  | RMB500,000/<br>Nil               | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Tongren     | (viii)         |
| Guizhou Jinke Sishun Property Management Co., Ltd.*<br>貴州金科四順物業管理有限公司                     | The PRC, November 2, 2018, limited liability company                    | RMB1,000,000/<br>Nil             | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Xingyi      | (viii)         |
| Guizhou Jinke Huanyu Property Service Co., Ltd.*<br>貴州金科寰宇物業服務有限公司                        | The PRC, September 19, 2018, limited liability company                  | RMB1,000,000/<br>RMB50,000       | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Zunyi       | (viii)         |
| Sichuan Jinke Zhanchuang Property Service Co., Ltd.*<br>四川金科展創物業服務有限公司                    | The PRC, November 20, 2018, limited liability company                   | RMB1,000,000/<br>RMB1,000,000    | N/A                                                               | 60%                                                               | 60%                                                               | 60%                                                           | Property management services in Chengdu     | (viii)         |
| Chongqing Jinxiao Xinyue Restaurant Management Co., Ltd.*<br>重慶金曉心悅餐飲管理有限公司               | The PRC, March 14, 2019, limited liability company                      | RMB5,000,000/<br>RMB5,000,000    | N/A                                                               | N/A                                                               | 100%                                                              | 100%                                                          | Catering service in Chongqing               | (viii)         |
| Dehong Jinke Julong Property Service Co., Ltd.*<br>德宏金科巨隆物業服務有限公司                         | The PRC, December 13, 2018, limited liability company                   | RMB500,000/<br>RMB500,000        | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Mangshi     | (viii)         |
| Zhengzhou Puyuan Jinyu Property Service Co., Ltd.*<br>("Puyuan Jinyu")<br>鄭州市圃苑金豫物業服務有限公司 | The PRC, May 10, 2019, limited liability company                        | RMB1,000,000/<br>Nil             | N/A                                                               | N/A                                                               | 60%                                                               | 100%                                                          | Property management services in Zhengzhou   | (xi)<br>(viii) |
| Jinrong Commercial Factoring Co., Ltd.*<br>金松商業保理有限公司                                     | The PRC, April 4, 2019, limited liability company                       | RMB100,000,000/<br>RMB50,000,000 | N/A                                                               | N/A                                                               | 100%                                                              | 100%                                                          | Factoring services in Jinan                 | (viii)         |

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| Company name                                                            | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital   | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note   |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|--------|
| Directly owned:                                                         |                                                                         |                               |                                                                   |                                                                   |                                                                   |                                                               |                                             |        |
| Kunming Jinke Runjing Property Service Co., Ltd.*<br>昆明金科潤景物業服務有限公司     | The PRC, May 20, 2019, limited liability company                        | RMB500,000/<br>RMB30,000      | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Kunming     | (viii) |
| Yunnan Jinke Yintai Property Service Co., Ltd.*<br>雲南金科銀泰物業服務有限公司       | The PRC, June 6, 2019, limited liability company                        | RMB1,000,000/<br>RMB10,000    | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Kunming     | (viii) |
| Weihai Jinhan Property Service Co., Ltd.*<br>威海金瀚物業服務有限公司               | The PRC, May 17, 2019, limited liability company                        | RMB2,000,000/<br>RMB1,000,000 | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Weihai      | (viii) |
| Shanxi Jinke Hanjia Property Service Co., Ltd.*<br>陝西金科漢家物業服務有限公司       | The PRC, May 24, 2019, limited liability company                        | RMB3,000,000/<br>Nil          | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Hanzhong    | (viii) |
| Sichuan Jinke Rongcheng Property Service Co., Ltd.*<br>四川省金科融城物業服務有限公司  | The PRC, March 30, 2019, limited liability company                      | RMB1,000,000/<br>RMB600,000   | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Chengdu     | (viii) |
| Dafang Jinke Giant Garden Property Service Co., Ltd.*<br>大方金科巨人物業服務有限公司 | The PRC, January 28, 2019, limited liability company                    | RMB1,000,000/<br>Nil          | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Bijie       | (viii) |
| Zunyi Jinke Fujia Property Service Co., Ltd.*<br>遵義金科福家物業服務有限公司         | The PRC, April 23, 2019, limited liability company                      | RMB500,000/<br>Nil            | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Zunyi       | (viii) |
| Guizhou Jinke Tiansheng Property Service Co., Ltd.*<br>貴州金科天晟物業服務有限公司   | The PRC, June 17, 2019, limited liability company                       | RMB1,000,000/<br>Nil          | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Kaili       | (viii) |
| Zhengzhou Fengyue Property Management Co., Ltd.*<br>鄭州豐越物業管理有限公司        | The PRC, June 25, 2018, limited liability company                       | RMB1,000,000/<br>Nil          | N/A                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Zhengzhou   | (viii) |

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| Company name                                                                          | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital    | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation   | Note           |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------|----------------|
| Hunan Jinke Jingchao Industrial Operation Management Co., Ltd.*<br>湖南金科景朝產業運營管理有限公司   | The PRC, September 14, 2016, limited liability company                  | RMB5,000,000/<br>RMB5,000,000  | 51%                                                               | 51%                                                               | 51%                                                               | 51%                                                           | Property management services in Changsha      | (vi)<br>(viii) |
| Directly owned:                                                                       |                                                                         |                                |                                                                   |                                                                   |                                                                   |                                                               |                                               |                |
| Shanxi Jinxue Business Service Co., Ltd.*<br>山西金學商務服務有限公司                             | The PRC, October 30, 2019, limited liability company                    | RMB5,000,000/<br>Nil           | N/A                                                               | N/A                                                               | 51%                                                               | N/A                                                           | Property management services in Jinzhong      | (viii)<br>(xv) |
| Hebei Dayuan Jinke Property Service Co., Ltd.*<br>河北大元金科物業服務有限公司                      | The PRC, October 16, 2019, limited liability company                    | RMB3,000,000/<br>RMB1,000,000  | N/A                                                               | N/A                                                               | 65%                                                               | 65%                                                           | Property management services in Cangzhou      | (viii)         |
| Chongqing Jinhongtong Construction Project Management Co., Ltd.*<br>重慶金鴻通建築工程項目管理有限公司 | The PRC, November 5, 2019, limited liability company                    | RMB10,000,000/<br>RMB8,000,000 | N/A                                                               | N/A                                                               | 100%                                                              | 100%                                                          | Construction management services in Chongqing | (viii)         |
| Sichuan Jinke Xiangao Property Service Co., Ltd.*<br>四川金科祥奧物業服務有限公司                   | The PRC, November 8, 2019, limited liability company                    | RMB3,000,000/<br>RMB300,000    | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Chengdu       | (viii)         |
| Ruzhou Jinke Keyuan Property Service Co., Ltd.*<br>汝州市金科科源物業服務有限公司                    | The PRC, November 15, 2019, limited liability company                   | RMB1,000,000/<br>RMB610,000    | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Ruzhou        | (viii)         |
| Sichuan Jinke Rose Garden Property Service co., Ltd.*<br>四川金科玫瑰園物業服務有限公司              | The PRC, October 18, 2019, limited liability company                    | RMB1,000,000/<br>Nil           | N/A                                                               | N/A                                                               | 60%                                                               | 60%                                                           | Property management services in Panzhihua     | (viii)         |
| Sichuan Jinke Mingyue Property Management Co., Ltd.*<br>四川金科明悅物業管理有限公司                | The PRC, September 16, 2019, limited liability company                  | RMB1,000,000/<br>Nil           | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Pingchang     | (viii)         |
| Yunnan Jinxirui Property Service Co., Ltd.*<br>雲南金西瑞物業服務有限公司                          | The PRC, November 28, 2019, limited liability company                   | RMB1,000,000/<br>Nil           | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Dehong        | (viii)         |

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| Company name                                                           | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital     | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note            |
|------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|-----------------|
| Zunyi Jinke Jiayi Property Service Co., Ltd.*<br>遵義金科佳驛物業服務有限公司        | The PRC, December 11, 2019, limited liability company                   | RMB2,000,000/<br>Nil            | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Zunyi       | (viii)          |
| Chongqing Xinqidian Decoration Engineering Co., Ltd.<br>重慶新起點裝飾工程有限公司  | The PRC, September 21, 2004, limited liability company                  | RMB50,000,000/<br>RMB50,000,000 | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Decoration services in Chongqing            | (v)<br>(viii)   |
| Directly owned:                                                        |                                                                         |                                 |                                                                   |                                                                   |                                                                   |                                                               |                                             |                 |
| Chongqing Tianzhi Huiqi Technology Co., Ltd.*<br>重慶天智慧啟科技有限公司          | The PRC, October 23, 2016, limited liability company                    | RMB10,000,000/<br>RMB10,000,000 | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Technology services in Chongqing            | (i)             |
| Chongqing Difen Yihui Cultural Creativity Co., Ltd.*<br>重慶迪芬藝匯文化創意有限公司 | The PRC, June 14, 2016, limited liability company                       | RMB5,000,000/<br>RMB5,000,000   | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Cultural management services in Chongqing   | (viii)          |
| Chongqing Tengjie Trading Co., Ltd.*<br>重慶騰界商貿有限公司                     | The PRC, March 25, 2016, limited liability company                      | RMB10,000,000/<br>RMB10,000,000 | 100%                                                              | 100%                                                              | 100%                                                              | 100%                                                          | Trading services in Chongqing               | (viii)          |
| Shandong Jinke Zhonggao Property Service Co., Ltd.*<br>山東金科中高物業服務有限公司  | The PRC, June 25, 2019, limited liability company                       | RMB3,000,000/<br>Nil            | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Property management services in Taian       | (viii)          |
| Anshun Jinke Tongju Property Service Co., Ltd.*<br>安順金科同聚物業服務有限公司      | The PRC, December 18, 2018, limited liability company                   | RMB500,000/<br>Nil              | N/A                                                               | 51%                                                               | 51%                                                               | N/A                                                           | Property management services in Anshun      | (viii)<br>(xii) |
| Lichuan Zhuangyuangu Property Management Co., Ltd.*<br>利川狀元谷物業管理有限公司   | The PRC, November 27, 2018, limited liability company                   | RMB600,000/<br>Nil              | N/A                                                               | N/A                                                               | N/A                                                               | 100%                                                          | Property management services in Lichuan     | (ix)<br>(viii)  |
| Guizhou Jinke Chenyang Property Services Co., Ltd.*<br>貴州金科晨陽物業服務有限公司  | The PRC, January 7, 2020, limited liability company                     | RMB500,000/<br>Nil              | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Zunyi       | (viii)          |

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| Company name                                                                 | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note   |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|--------|
| Jinke Senshou (Chongqing) Property Services Co., Ltd.*<br>金科森首(重慶)物業服務有限公司   | The PRC, January 6, 2020, limited liability company                     | RMB1,000,000/<br>RMB500,000 | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Chongqing   | (viii) |
| Shandong Jinke Lanbaowei Property Services Co., Ltd.*<br>山東金科蘭寶威物業服務管理有限公司   | The PRC, March 20, 2020, limited liability company                      | RMB5,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Linyi       | (viii) |
| Jinke Jinshou (Chongqing) Enterprise Services Co., Ltd.*<br>金科金首(重慶)企業服務有限公司 | The PRC, January 10, 2020, limited liability company                    | RMB1,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Chongqing   | (viii) |
| Xiayi Jinke Tongchuang Property Services Co., Ltd.*<br>夏邑縣金科同創物業服務有限公司       | The PRC, April 17, 2020, limited liability company                      | RMB1,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Shangqiu    | (viii) |
| Directly owned:                                                              |                                                                         |                             |                                                                   |                                                                   |                                                                   |                                                               |                                             |        |
| Yunnan Jinke Chifeng Property Management Co., Ltd.*<br>雲南金科馳豐物業管理有限公司        | The PRC, April 29, 2020, limited liability company                      | RMB1,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Mengzi      | (viii) |
| Yidu Golden Time Property Services Co., Ltd.*<br>宜都金時代物業服務有限公司               | The PRC, May 11, 2020, limited liability company                        | RMB1,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 100%                                                          | Property management services in Yidu        | (viii) |
| Hubei Jinke Xinyuan Property Management Co., Ltd.*<br>湖北金科馨園物業管理有限責任公司       | The PRC, April 29, 2020, limited liability company                      | RMB1,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Yicheng     | (viii) |
| Changdu Jinke Changda Property Services Co., Ltd.*<br>昌都市金科昌達物業服務有限公司        | The PRC, April 29, 2020, limited liability company                      | RMB500,000/<br>Nil          | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Changdu     | (viii) |
| Yidu Jinlin Property Services Co., Ltd.*<br>宜都金麟物業服務有限公司                     | The PRC, June 19, 2020, limited liability company                       | RMB1,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 100%                                                          | Property management services in Yidu        | (viii) |
| Sichuan Jintuo Property Services Co., Ltd.*<br>四川金拓物業服務有限公司                  | The PRC, May 26, 2020, limited liability company                        | RMB1,000,000/<br>Nil        | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Chenghua    | (viii) |

| Company name                                                                  | Place and date of incorporation/ establishment and kind of legal entity | Registered/ paid-in capital    | Attributable equity interest of the Group as of December 31, 2017 | Attributable equity interest of the Group as of December 31, 2018 | Attributable equity interest of the Group as of December 31, 2019 | Attributable equity interest of the Group as of June 30, 2020 | Principal activities and place of operation | Note          |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|---------------|
| Qingdao Jinhong City Services Co., Ltd.*<br>青島金鴻城市服務有限公司                      | The PRC, June 15, 2020, limited liability company                       | RMB3,000,000/<br>Nil           | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Qingdao     | (viii)        |
| Indirectly owned:                                                             |                                                                         |                                |                                                                   |                                                                   |                                                                   |                                                               |                                             |               |
| Yichang Jinke Shanghui Commercial Management Co., Ltd.*<br>宜昌市金科商匯商業管理有限公司    | The PRC, February 13, 2019, limited liability company                   | RMB500,000/<br>Nil             | N/A                                                               | N/A                                                               | 51%                                                               | N/A                                                           | Property management services in Yichang     | (viii) (x)    |
| Chongqing Jintanglang Advertising Co., Ltd.*<br>重慶金螳螂廣告有限公司                   | The PRC, March 08, 2019, limited liability company                      | RMB5,000,000/<br>RMB500,000    | N/A                                                               | N/A                                                               | 51%                                                               | 51%                                                           | Advertising services in Chongqing           | (viii)        |
| Hubei Jinke Caizhi Operation and Management Co., Ltd.*<br>湖北金科財智經營管理有限公司      | The PRC, August 09, 2019, limited liability company                     | RMB1,000,000/<br>Nil           | N/A                                                               | N/A                                                               | 60%                                                               | 60%                                                           | Property management services in Yingshan    | (viii)        |
| Chongqing Jinke Village Supply Chain management Co., Ltd.*<br>重慶金科鄉村供應鏈管理有限公司 | The PRC, October 30, 2019, limited liability company                    | RMB10,000,000/<br>RMB2,560,000 | N/A                                                               | N/A                                                               | 61%                                                               | 61%                                                           | Retail business in Chongqing                | (viii)        |
| Chongqing Jinke Dingrun Business Management Co., Ltd.*<br>重慶金科鼎潤商業管理有限公司      | The PRC, December 30, 2019, limited liability company                   | RMB1,000,000/<br>Nil           | N/A                                                               | N/A                                                               | N/A                                                               | 51%                                                           | Property management services in Chongqing   | (viii) (xiii) |

\* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

- (i) The statutory financial statements of these companies for the years ended December 31, 2017, 2018 and 2019 were prepared in accordance with Chinese accounting standards and audited by Tianjian Certified Public Accountants LLP.
- (ii) The statutory financial statements of the company for the years ended December 31, 2018 and 2019 were prepared in accordance with Chinese accounting standards and audited by Jiangsu Suyu Jincheng Certified Public Accountants LLP.
- (iii) On March 31, 2017, the Company completed its acquisition of 51% of the equity interests in Wuxi Jinke Huijin Property Management Co., Ltd.
- (iv) On September 28, 2018, the Company completed its acquisition of 70% of the equity interests in Liuzhou Jinke Yuandao Property Service Co., Ltd.

- (v) On January 29, 2019, the Company completed its acquisition of 100% of the equity interests in Chongqing Xinqidian from Jinke Property.
- (vi) On August 8, 2019, the Company completed its acquisition of 51% of the equity interests in Jinke Jingchao from Jinke Property.
- (vii) On November 19, 2018, the Company completed its disposal of 51% of the equity interests in Hubei Guangxingyi Commercial Management Co., Ltd. to a third-party entity.
- (viii) No statutory audited financial statements were issued for these companies as they are either newly incorporated or not required to issue audited financial statements under the statutory requirement of their respective place of incorporation.
- (ix) On January 8, 2020, the Company completed its acquisition of 100% of the equity interests in Lichuan Zhuangyuangu Property Service Co., Ltd.
- (x) On March 25, 2020, Yichang Jinke Shanghui Commercial Management Co., Ltd was deregistered.
- (xi) On May 13, 2020, the Company completed its acquisition of 40% of the additional equity interests in Puyuan Jinyu.
- (xii) On June 18, 2020, Anshun Jinke Tongju Property Service Co., Ltd. was deregistered.
- (xiii) On June 22, 2020, Chongqing Jinke Dingrun Business Management Co., Ltd. was deregistered.
- (xiv) On June 28, 2020, the Company completed its disposal of 100% of the equity interests in Chongqing Ruibo Asset Management Consulting Co., Ltd. to a third-party entity.
- (xv) On June 28, 2020, the Company completed its disposal of 51% of the equity interests in Shanxi Jinxue Business Service Co., Ltd. to a related-party entity.
- (xvi) On June 28, 2020, the Company completed its disposal of 37% of the equity interests in Kangcheng International to third-party entities.

## 15 PROPERTY, PLANT AND EQUIPMENT

|                              | Equipment<br>and<br>machinery | Vehicles   | Furniture  | Leasehold<br>improvements | Construction<br>in progress | Right-of-<br>use<br>assets<br>(Note 29) | Total         |
|------------------------------|-------------------------------|------------|------------|---------------------------|-----------------------------|-----------------------------------------|---------------|
|                              | RMB'000                       | RMB'000    | RMB'000    | RMB'000                   | RMB'000                     | RMB'000                                 | RMB'000       |
| <b>As of January 1, 2017</b> |                               |            |            |                           |                             |                                         |               |
| Cost                         | 28,991                        | 1,383      | 1,674      | 4,434                     | –                           | 1,402                                   | 37,884        |
| Accumulated depreciation     | (12,444)                      | (697)      | (710)      | (1,064)                   | –                           | –                                       | (14,915)      |
| <b>Net book amount</b>       | <b>16,547</b>                 | <b>686</b> | <b>964</b> | <b>3,370</b>              | <b>–</b>                    | <b>1,402</b>                            | <b>22,969</b> |



# APPENDIX I

# ACCOUNTANT'S REPORT

|                                     | Equipment<br>and<br>machinery | Vehicles     | Furniture    | Leasehold<br>improvements | Construction<br>in progress | Right-of-<br>use<br>assets<br>(Note 29) | Total         |
|-------------------------------------|-------------------------------|--------------|--------------|---------------------------|-----------------------------|-----------------------------------------|---------------|
|                                     | RMB'000                       | RMB'000      | RMB'000      | RMB'000                   | RMB'000                     | RMB'000                                 | RMB'000       |
| <b>Year ended December 31, 2017</b> |                               |              |              |                           |                             |                                         |               |
| Opening net book amount             | 16,547                        | 686          | 964          | 3,370                     | –                           | 1,402                                   | 22,969        |
| Additions                           | 9,932                         | 1,020        | 402          | 339                       | –                           | 31                                      | 11,724        |
| Disposal of subsidiaries            | (31)                          | –            | (9)          | –                         | –                           | –                                       | (40)          |
| Disposals                           | (209)                         | (46)         | (1)          | –                         | –                           | –                                       | (256)         |
| Depreciation charge                 | (5,149)                       | (203)        | (310)        | (909)                     | –                           | (246)                                   | (6,817)       |
| <b>Closing net book amount</b>      | <b>21,090</b>                 | <b>1,457</b> | <b>1,046</b> | <b>2,800</b>              | <b>–</b>                    | <b>1,187</b>                            | <b>27,580</b> |
| <b>As of December 31, 2017</b>      |                               |              |              |                           |                             |                                         |               |
| Cost                                | 36,735                        | 2,192        | 2,008        | 4,773                     | –                           | 1,433                                   | 47,141        |
| Accumulated depreciation            | (15,645)                      | (735)        | (962)        | (1,973)                   | –                           | (246)                                   | (19,561)      |
| <b>Net book amount</b>              | <b>21,090</b>                 | <b>1,457</b> | <b>1,046</b> | <b>2,800</b>              | <b>–</b>                    | <b>1,187</b>                            | <b>27,580</b> |
| <b>Year ended December 31, 2018</b> |                               |              |              |                           |                             |                                         |               |
| Opening net book amount             | 21,090                        | 1,457        | 1,046        | 2,800                     | –                           | 1,187                                   | 27,580        |
| Additions                           | 7,424                         | 236          | 507          | 467                       | 2,594                       | 5,141                                   | 16,369        |
| Disposal of subsidiaries            | (13)                          | –            | –            | –                         | –                           | –                                       | (13)          |
| Disposals                           | (250)                         | (15)         | (67)         | –                         | –                           | –                                       | (332)         |
| Depreciation charge                 | (6,310)                       | (392)        | (403)        | (846)                     | –                           | (1,381)                                 | (9,332)       |
| <b>Closing net book amount</b>      | <b>21,941</b>                 | <b>1,286</b> | <b>1,083</b> | <b>2,421</b>              | <b>2,594</b>                | <b>4,947</b>                            | <b>34,272</b> |
| <b>As of December 31, 2018</b>      |                               |              |              |                           |                             |                                         |               |
| Cost                                | 42,214                        | 2,406        | 2,286        | 5,240                     | 2,594                       | 6,574                                   | 61,314        |
| Accumulated depreciation            | (20,273)                      | (1,120)      | (1,203)      | (2,819)                   | –                           | (1,627)                                 | (27,042)      |
| <b>Net book amount</b>              | <b>21,941</b>                 | <b>1,286</b> | <b>1,083</b> | <b>2,421</b>              | <b>2,594</b>                | <b>4,947</b>                            | <b>34,272</b> |
| <b>Year ended December 31, 2019</b> |                               |              |              |                           |                             |                                         |               |
| Opening net book amount             | 21,941                        | 1,286        | 1,083        | 2,421                     | 2,594                       | 4,947                                   | 34,272        |
| Additions                           | 6,019                         | 292          | 10           | 746                       | 1,889                       | 751                                     | 9,707         |
| Transfer to leasehold improvements  | –                             | –            | –            | 2,302                     | (2,302)                     | –                                       | –             |
| Disposals                           | (285)                         | (10)         | (10)         | –                         | –                           | –                                       | (305)         |
| Depreciation charge                 | (6,475)                       | (381)        | (334)        | (1,433)                   | –                           | (1,962)                                 | (10,585)      |
| <b>Closing net book amount</b>      | <b>21,200</b>                 | <b>1,187</b> | <b>749</b>   | <b>4,036</b>              | <b>2,181</b>                | <b>3,736</b>                            | <b>33,089</b> |
| <b>As of December 31, 2019</b>      |                               |              |              |                           |                             |                                         |               |
| Cost                                | 45,549                        | 2,563        | 2,195        | 8,288                     | 2,181                       | 7,325                                   | 68,101        |
| Accumulated depreciation            | (24,349)                      | (1,376)      | (1,446)      | (4,252)                   | –                           | (3,589)                                 | (35,012)      |
| <b>Net book amount</b>              | <b>21,200</b>                 | <b>1,187</b> | <b>749</b>   | <b>4,036</b>              | <b>2,181</b>                | <b>3,736</b>                            | <b>33,089</b> |

|                                       | Equipment<br>and<br>machinery | Vehicles     | Furniture  | Leasehold<br>improvements | Construction<br>in progress | Right-of-<br>use<br>assets<br>(Note 29) | Total         |
|---------------------------------------|-------------------------------|--------------|------------|---------------------------|-----------------------------|-----------------------------------------|---------------|
|                                       | RMB'000                       | RMB'000      | RMB'000    | RMB'000                   | RMB'000                     | RMB'000                                 | RMB'000       |
| <b>Six months ended</b>               |                               |              |            |                           |                             |                                         |               |
| <b>June 30, 2020</b>                  |                               |              |            |                           |                             |                                         |               |
| Opening net book amount               | 21,200                        | 1,187        | 749        | 4,036                     | 2,181                       | 3,736                                   | 33,089        |
| Additions                             | 1,631                         | 587          | 13         | 344                       | –                           | –                                       | 2,575         |
| Disposal of subsidiaries<br>(Note 34) | (10)                          | –            | –          | –                         | –                           | –                                       | (10)          |
| Transfer to leasehold<br>improvements | –                             | –            | –          | 2,181                     | (2,181)                     | –                                       | –             |
| Disposals                             | (214)                         | –            | (1)        | –                         | –                           | –                                       | (215)         |
| Depreciation charge                   | (3,298)                       | (222)        | (142)      | (1,171)                   | –                           | (798)                                   | (5,631)       |
| <b>Closing net book amount</b>        | <b>19,309</b>                 | <b>1,552</b> | <b>619</b> | <b>5,390</b>              | <b>–</b>                    | <b>2,938</b>                            | <b>29,808</b> |
| <b>As of June 30, 2020</b>            |                               |              |            |                           |                             |                                         |               |
| Cost                                  | 45,944                        | 3,150        | 2,182      | 10,813                    | –                           | 7,325                                   | 69,414        |
| Accumulated depreciation              | (26,635)                      | (1,598)      | (1,563)    | (5,423)                   | –                           | (4,387)                                 | (39,606)      |
| <b>Net book amount</b>                | <b>19,309</b>                 | <b>1,552</b> | <b>619</b> | <b>5,390</b>              | <b>–</b>                    | <b>2,938</b>                            | <b>29,808</b> |
| <b>Six months ended</b>               |                               |              |            |                           |                             |                                         |               |
| <b>June 30, 2019</b>                  |                               |              |            |                           |                             |                                         |               |
| <b>(unaudited)</b>                    |                               |              |            |                           |                             |                                         |               |
| Opening net book amount               | 21,941                        | 1,286        | 1,083      | 2,421                     | 2,594                       | 4,947                                   | 34,272        |
| Additions                             | 1,621                         | 234          | –          | 174                       | 488                         | 287                                     | 2,804         |
| Transfer to leasehold<br>improvements | –                             | –            | –          | 2,302                     | (2,302)                     | –                                       | –             |
| Disposals                             | (67)                          | (10)         | (2)        | –                         | –                           | –                                       | (79)          |
| Depreciation charge                   | (3,241)                       | (197)        | (172)      | (589)                     | –                           | (949)                                   | (5,148)       |
| <b>Closing net book amount</b>        | <b>20,254</b>                 | <b>1,313</b> | <b>909</b> | <b>4,308</b>              | <b>780</b>                  | <b>4,285</b>                            | <b>31,849</b> |
| <b>As of June 30, 2019</b>            |                               |              |            |                           |                             |                                         |               |
| Cost                                  | 42,494                        | 2,517        | 2,245      | 7,716                     | 780                         | 6,861                                   | 62,613        |
| Accumulated depreciation              | (22,240)                      | (1,204)      | (1,336)    | (3,408)                   | –                           | (2,576)                                 | (30,764)      |
| <b>Net book amount</b>                | <b>20,254</b>                 | <b>1,313</b> | <b>909</b> | <b>4,308</b>              | <b>780</b>                  | <b>4,285</b>                            | <b>31,849</b> |

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

|                                | Year ended December 31, |                |                | Six months ended June 30,            |                |
|--------------------------------|-------------------------|----------------|----------------|--------------------------------------|----------------|
|                                | 2017                    | 2018           | 2019           | 2019                                 | 2020           |
|                                | <i>RMB'000</i>          | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i><br><i>(Unaudited)</i> | <i>RMB'000</i> |
| Cost of sales                  | 3,917                   | 4,984          | 5,576          | 2,660                                | 3,112          |
| Selling and marketing expenses | —                       | 2              | 6              | 3                                    | 3              |
| Administrative expenses        | 2,900                   | 4,346          | 5,003          | 2,485                                | 2,516          |
|                                | <u>6,817</u>            | <u>9,332</u>   | <u>10,585</u>  | <u>5,148</u>                         | <u>5,631</u>   |

- (a) No property, plant and equipment is restricted or pledged as security for liabilities as of December 31, 2017, 2018 and 2019 and June 30, 2020.

## 16 INTANGIBLE ASSETS

|                                     | Software       |
|-------------------------------------|----------------|
|                                     | <i>RMB'000</i> |
| <b>As of January 1, 2017</b>        |                |
| Cost                                | 4,075          |
| Accumulated amortization            | <u>(1,063)</u> |
| <b>Net book amount</b>              | <u>3,012</u>   |
| <b>Year ended December 31, 2017</b> |                |
| Opening net book amount             | 3,012          |
| Additions                           | 1,637          |
| Disposal of subsidiaries            | (29)           |
| Amortization                        | <u>(968)</u>   |
| <b>Closing net book amount</b>      | <u>3,652</u>   |
| <b>As of December 31, 2017</b>      |                |
| Cost                                | 5,681          |
| Accumulated amortization            | <u>(2,029)</u> |
| <b>Net book amount</b>              | <u>3,652</u>   |
| <b>Year ended December 31, 2018</b> |                |
| Opening net book amount             | 3,652          |
| Additions                           | 925            |
| Amortization                        | <u>(1,183)</u> |
| <b>Closing net book amount</b>      | <u>3,394</u>   |

|                                                   | <b>Software</b> |
|---------------------------------------------------|-----------------|
|                                                   | <i>RMB'000</i>  |
| <b>As of December 31, 2018</b>                    |                 |
| Cost                                              | 6,606           |
| Accumulated amortization                          | (3,212)         |
| <b>Net book amount</b>                            | <b>3,394</b>    |
| <b>Year ended December 31, 2019</b>               |                 |
| Opening net book amount                           | 3,394           |
| Additions                                         | 2,750           |
| Amortization                                      | (1,127)         |
| <b>Closing net book amount</b>                    | <b>5,017</b>    |
| <b>As of December 31, 2019</b>                    |                 |
| Cost                                              | 9,356           |
| Accumulated amortization                          | (4,339)         |
| <b>Net book amount</b>                            | <b>5,017</b>    |
| <b>Six months ended June 30, 2020</b>             |                 |
| Opening net book amount                           | 5,017           |
| Additions                                         | 2,139           |
| Amortization                                      | (690)           |
| <b>Closing net book amount</b>                    | <b>6,466</b>    |
| <b>As of June 30, 2020</b>                        |                 |
| Cost                                              | 11,495          |
| Accumulated amortization                          | (5,029)         |
| <b>Net book amount</b>                            | <b>6,466</b>    |
| <b>Six months ended June 30, 2019 (unaudited)</b> |                 |
| Opening net book amount                           | 3,394           |
| Additions                                         | 266             |
| Amortization                                      | (657)           |
| <b>Closing net book amount</b>                    | <b>3,003</b>    |
| <b>As of June 30, 2019</b>                        |                 |
| Cost                                              | 6,872           |
| Accumulated amortization                          | (3,869)         |
| <b>Net book amount</b>                            | <b>3,003</b>    |

Amortization of intangible assets has been charged to the following categories in the consolidated statements of comprehensive income:

|                         | Year ended December 31, |                |                | Six months ended June 30,     |                |
|-------------------------|-------------------------|----------------|----------------|-------------------------------|----------------|
|                         | 2017                    | 2018           | 2019           | 2019                          | 2020           |
|                         | <i>RMB'000</i>          | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i><br>(Unaudited) | <i>RMB'000</i> |
| Cost of sales           | 138                     | 163            | 176            | 90                            | 163            |
| Administrative expenses | 830                     | 1,020          | 951            | 567                           | 527            |
|                         | <u>968</u>              | <u>1,183</u>   | <u>1,127</u>   | <u>657</u>                    | <u>690</u>     |

- (a) No intangible asset is restricted or pledged as security for liabilities as of December 31, 2017, 2018 and 2019 and June 30, 2020.

## 17 INVENTORIES

|                   | As of December 31, |                |                | As of<br>June 30, |
|-------------------|--------------------|----------------|----------------|-------------------|
|                   | 2017               | 2018           | 2019           | 2020              |
|                   | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Consumables       | 2,394              | 3,928          | 2,861          | 3,872             |
| Merchandise goods | 310                | 124            | 2,018          | 1,418             |
| Raw materials     | 160                | 819            | 947            | 3,048             |
|                   | <u>2,864</u>       | <u>4,871</u>   | <u>5,826</u>   | <u>8,338</u>      |

## 18 OTHER ASSETS

### The Group and the Company

|              | As of December 31, |                |                | As of<br>June 30, |
|--------------|--------------------|----------------|----------------|-------------------|
|              | 2017               | 2018           | 2019           | 2020              |
|              | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Parking lots | <u>100,274</u>     | <u>86,063</u>  | <u>74,240</u>  | <u>64,742</u>     |

The Group held a small number of parking lots of certain properties it managed for ultimate sales purpose, but the sales of these parking lots is not the part of the Group's core business and the Group does not intend to engage in such business in the future.

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

|                                                                                                        | As of December 31, |                  |                  | As of<br>June 30, |
|--------------------------------------------------------------------------------------------------------|--------------------|------------------|------------------|-------------------|
|                                                                                                        | 2017               | 2018             | 2019             | 2020              |
|                                                                                                        | RMB'000            | RMB'000          | RMB'000          | RMB'000           |
| <b>Financial assets at amortized cost</b>                                                              |                    |                  |                  |                   |
| Trade and bill and other receivables<br>(excluding prepayments) (Note 21)                              | 1,849,445          | 3,531,637        | 3,516,600        | 2,704,680         |
| Cash and cash equivalents (Note 23)                                                                    | 482,930            | 416,303          | 333,149          | 843,244           |
| Restricted cash (Note 24)                                                                              | 1,400              | 1,427            | 1,455            | 364               |
|                                                                                                        | <u>2,333,775</u>   | <u>3,949,367</u> | <u>3,851,204</u> | <u>3,548,288</u>  |
| <b>Financial assets at fair value<br/>through profit or loss (Note 22)</b>                             | 9,720              | —                | —                | —                 |
|                                                                                                        | <u>2,343,495</u>   | <u>3,949,367</u> | <u>3,851,204</u> | <u>3,548,288</u>  |
| <b>Financial liabilities at amortized<br/>cost</b>                                                     |                    |                  |                  |                   |
| Borrowings (Note 28)                                                                                   | 1,080,000          | 2,330,000        | 1,830,000        | 1,495,000         |
| Trade and bill and other payables<br>(excluding accrued payroll and<br>other taxes payables) (Note 27) | 867,199            | 1,093,629        | 1,253,312        | 584,924           |
| Lease liabilities (Note 29)                                                                            | 1,211              | 5,006            | 3,857            | 3,120             |
|                                                                                                        | <u>1,948,410</u>   | <u>3,428,635</u> | <u>3,087,169</u> | <u>2,083,044</u>  |

## 20 FAIR VALUE ESTIMATION

The Group's financial instruments recognized in the consolidated statements of financial position are mainly trade and bill and other receivables, financial assets at fair value through profit or loss and financial liabilities carried at amortized cost. The carrying value less impairment provision of trade and bill and other receivables and payables are a reasonable approximation of their fair values.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets at fair values included wealth management products, fair value of which are estimated based on unobservable inputs (level 3).

- (a) The following table presents the changes in level 3 instruments for the year ended December 31, 2017.

|                                                                                                                                   | Financial assets<br>at fair value<br>through profit<br>or loss |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
|                                                                                                                                   | Wealth<br>management<br>products                               |
|                                                                                                                                   | RMB'000                                                        |
| Opening balance                                                                                                                   | —                                                              |
| Additions                                                                                                                         | 40,930                                                         |
| Disposals                                                                                                                         | (31,464)                                                       |
| Gains for the year recognized in profit or loss                                                                                   | 254                                                            |
| Closing balance                                                                                                                   | 9,720                                                          |
| Includes unrealized gains/(losses) recognized in profit or loss attributable to<br>balances held at the end of the reporting year | —                                                              |

- (b) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

|                                                                | Fair value at<br>December 31,<br>2017 | Valuation<br>technique(s) | Unobservable<br>input                  | Range<br>(weighted<br>average) | Relationship of<br>unobservable inputs<br>to fair value                                                          |
|----------------------------------------------------------------|---------------------------------------|---------------------------|----------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------|
|                                                                | (RMB'000)                             |                           |                                        |                                |                                                                                                                  |
| Financial assets<br>at fair value<br>through profit<br>or loss |                                       |                           |                                        |                                |                                                                                                                  |
| — Wealth<br>management<br>products                             | 9,720                                 | Discounted<br>cash flow   | Expected<br>interest rate<br>per annum | 4.37%                          | A change in expected<br>interest rate per<br>annum by 10%<br>results in a change<br>in fair value by<br>RMB4,000 |

(c) The following table presents the changes in level 3 instruments for the year ended December 31, 2018.

|                                                                                                                                   | Financial assets<br>at fair value<br>through profit<br>or loss | Wealth<br>management<br>products |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------|
|                                                                                                                                   | RMB'000                                                        |                                  |
| Opening balance                                                                                                                   | 9,720                                                          |                                  |
| Additions                                                                                                                         | 7,000                                                          |                                  |
| Disposals                                                                                                                         | (16,772)                                                       |                                  |
| Gains for the year recognized in profit or loss                                                                                   | 52                                                             |                                  |
| Closing balance                                                                                                                   | —                                                              |                                  |
| Includes unrealized gains/(losses) recognized in profit or loss attributable to<br>balances held at the end of the reporting year | —                                                              |                                  |

## 21 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

### The Group

|                                                        | As of December 31, |           |           | As of<br>June 30, |
|--------------------------------------------------------|--------------------|-----------|-----------|-------------------|
|                                                        | 2017               | 2018      | 2019      | 2020              |
|                                                        | RMB'000            | RMB'000   | RMB'000   | RMB'000           |
| Trade receivables (Note (a))                           |                    |           |           |                   |
| — Related parties (Note 33(d))                         | 18,918             | 66,886    | 142,130   | 228,444           |
| — Third parties                                        | 167,757            | 226,195   | 413,894   | 571,630           |
|                                                        | 186,675            | 293,081   | 556,024   | 800,074           |
| Less: allowance for impairment of<br>trade receivables | (1,854)            | (2,799)   | (5,316)   | (7,939)           |
|                                                        | 184,821            | 290,282   | 550,708   | 792,135           |
| Bill receivables                                       |                    |           |           |                   |
| — Third parties                                        | —                  | —         | —         | 2,016             |
| Other receivables                                      |                    |           |           |                   |
| — Related parties (Note 33(d))                         | 1,634,544          | 3,202,023 | 2,887,598 | 1,841,908         |
| — Third parties                                        | 31,271             | 40,583    | 80,326    | 70,284            |
|                                                        | 1,665,815          | 3,242,606 | 2,967,924 | 1,912,192         |
| Less: allowance for impairment of<br>other receivables | (1,191)            | (1,251)   | (2,032)   | (1,663)           |
|                                                        | 1,664,624          | 3,241,355 | 2,965,892 | 1,910,529         |



|                                                                         | As of December 31, |             |             | As of<br>June 30, |
|-------------------------------------------------------------------------|--------------------|-------------|-------------|-------------------|
|                                                                         | 2017               | 2018        | 2019        | 2020              |
|                                                                         | RMB'000            | RMB'000     | RMB'000     | RMB'000           |
| Prepayments to suppliers                                                |                    |             |             |                   |
| — Third parties                                                         | 2,928              | 39,516      | 114,961     | 125,359           |
| Deferred listing expenses ( <i>Note (b)</i> )                           | —                  | —           | —           | 17,929            |
| Prepaid tax                                                             | 4,047              | 708         | 1,316       | 1,945             |
|                                                                         | 1,856,420          | 3,571,861   | 3,632,877   | 2,849,913         |
| Less: non-current portion of other receivables                          | (780,000)          | (1,830,000) | (1,145,000) | —                 |
| Current portion of trade and bill and other receivables and prepayments | 1,076,420          | 1,741,861   | 2,487,877   | 2,849,913         |

**The Company**

|                                                     | As of December 31, |           |           | As of<br>June 30, |
|-----------------------------------------------------|--------------------|-----------|-----------|-------------------|
|                                                     | 2017               | 2018      | 2019      | 2020              |
|                                                     | RMB'000            | RMB'000   | RMB'000   | RMB'000           |
| Trade receivables ( <i>Note (a)</i> )               |                    |           |           |                   |
| — Subsidiaries                                      | —                  | 66        | 38        | 94                |
| — Related parties                                   | 16,371             | 65,087    | 132,742   | 200,227           |
| — Third parties                                     | 155,928            | 207,178   | 369,229   | 503,760           |
|                                                     | 172,299            | 272,331   | 502,009   | 704,081           |
| Less: allowance for impairment of trade receivables | (1,651)            | (2,453)   | (4,563)   | (6,629)           |
|                                                     | 170,648            | 269,878   | 497,446   | 697,452           |
| Bill receivables                                    |                    |           |           |                   |
| — Third parties                                     | —                  | —         | —         | 2,016             |
| Other receivables                                   |                    |           |           |                   |
| — Subsidiaries                                      | 25,107             | 65,567    | 141,566   | 161,892           |
| — Related parties                                   | 1,517,327          | 3,141,991 | 2,808,595 | 1,841,708         |
| — Third parties                                     | 29,206             | 39,000    | 50,416    | 58,482            |
|                                                     | 1,571,640          | 3,246,558 | 3,000,577 | 2,062,082         |
| Less: allowance for impairment of other receivables | (992)              | (1,003)   | (1,380)   | (1,187)           |
|                                                     | 1,570,648          | 3,245,555 | 2,999,197 | 2,060,895         |

|                                                                         | As of December 31, |             |             | As of<br>June 30, |
|-------------------------------------------------------------------------|--------------------|-------------|-------------|-------------------|
|                                                                         | 2017               | 2018        | 2019        | 2020              |
|                                                                         | RMB'000            | RMB'000     | RMB'000     | RMB'000           |
| Prepayments to suppliers                                                |                    |             |             |                   |
| — Third parties                                                         | 2,452              | 12,233      | 10,020      | 18,792            |
| Deferred listing expenses ( <i>Note (b)</i> )                           | —                  | —           | —           | 17,929            |
| Prepaid tax                                                             | 3,853              | 261         | 464         | 1,365             |
|                                                                         | 1,747,601          | 3,527,927   | 3,507,127   | 2,798,449         |
| Less: non-current portion of other receivables                          | (780,000)          | (1,830,000) | (1,145,000) | —                 |
| Current portion of trade and bill and other receivables and prepayments | 967,601            | 1,697,927   | 2,362,127   | 2,798,449         |

- (a) Trade receivables mainly arise from property management services income under lump sum basis and value-added services as provided to non-property owners.

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

The receivables from the provision of value-added services to property developers are usually due for payment upon the issuance of document of settlement.

- (b) Deferred listing expenses will be deducted from equity upon listing of the Group.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, the ageing analysis of the trade and bill receivables based on invoice date were as follows:

**The Group**

|              | As of December 31, |         |         | As of<br>June 30, |
|--------------|--------------------|---------|---------|-------------------|
|              | 2017               | 2018    | 2019    | 2020              |
|              | RMB'000            | RMB'000 | RMB'000 | RMB'000           |
| Up to 1 year | 183,436            | 283,141 | 543,218 | 772,638           |
| 1 to 2 years | 2,189              | 9,330   | 9,905   | 26,152            |
| 2 to 3 years | 753                | 471     | 2,695   | 2,197             |
| 3 to 4 years | 277                | 119     | 114     | 1,023             |
| 4 to 5 years | —                  | —       | 72      | 60                |
| Over 5 years | 20                 | 20      | 20      | 20                |
|              | 186,675            | 293,081 | 556,024 | 802,090           |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of December 31, 2017, 2018 and 2019 and June 30, 2020, a provision of RMB1,854,000, RMB2,799,000, RMB5,316,000 and RMB7,939,000 was made against the gross amounts of trade receivables (Note 3.1.2).

**The Company**

|              | As of December 31, |                |                | As of<br>June 30, |
|--------------|--------------------|----------------|----------------|-------------------|
|              | 2017               | 2018           | 2019           | 2020              |
|              | RMB'000            | RMB'000        | RMB'000        | RMB'000           |
| Up to 1 year | 170,401            | 264,572        | 491,937        | 686,405           |
| 1 to 2 years | 1,898              | 7,548          | 7,961          | 17,106            |
| 2 to 3 years | –                  | 211            | 2,111          | 1,849             |
| 3 to 4 years | –                  | –              | –              | 737               |
|              | <u>172,299</u>     | <u>272,331</u> | <u>502,009</u> | <u>706,097</u>    |

The Company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of December 31, 2017, 2018 and 2019 and June 30, 2020, a provision of RMB1,651,000, RMB2,453,000, RMB4,563,000 and RMB6,629,000 was made against the gross amounts of trade receivables.

**22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****The Group and the Company**

|                                         | As of December 31, |          |          | As of<br>June 30, |
|-----------------------------------------|--------------------|----------|----------|-------------------|
|                                         | 2017               | 2018     | 2019     | 2020              |
|                                         | RMB'000            | RMB'000  | RMB'000  | RMB'000           |
| Wealth management products<br>(Note 20) | <u>9,720</u>       | <u>–</u> | <u>–</u> | <u>–</u>          |

**23 CASH AND CASH EQUIVALENTS****The Group**

|                                     | As of December 31, |                |                | As of<br>June 30, |
|-------------------------------------|--------------------|----------------|----------------|-------------------|
|                                     | 2017               | 2018           | 2019           | 2020              |
|                                     | RMB'000            | RMB'000        | RMB'000        | RMB'000           |
| Cash at bank and on hand (Note (a)) | <u>482,930</u>     | <u>416,303</u> | <u>333,149</u> | <u>843,244</u>    |

**The Company**

|                                     | As of December 31, |                |                | As of<br>June 30, |
|-------------------------------------|--------------------|----------------|----------------|-------------------|
|                                     | 2017               | 2018           | 2019           | 2020              |
|                                     | RMB'000            | RMB'000        | RMB'000        | RMB'000           |
| Cash at bank and on hand (Note (a)) | <u>447,354</u>     | <u>348,532</u> | <u>214,994</u> | <u>678,179</u>    |

(a) Cash and cash equivalents are all denominated in RMB.

**24 RESTRICTED CASH**

Restricted cash represents a subsidiary's cash deposits held in a bank as the performance security for tourism services according to the requirements of local government authority.

**25 PAID-IN CAPITAL/SHARE CAPITAL****The Group and the Company**

|                                                                    | Number of<br>ordinary shares | Paid-in<br>capital/Share<br>capital |
|--------------------------------------------------------------------|------------------------------|-------------------------------------|
|                                                                    |                              | <i>RMB'000</i>                      |
| <b>Issued and fully paid</b>                                       |                              |                                     |
| Balance at January 1, 2017 and December 31, 2017,<br>2018 and 2019 | –                            | 50,000                              |
| Transfer from reserves to share capital ( <i>Note (a)</i> )        | 455,472,500                  | 405,473                             |
| Capital contribution from owners ( <i>Note (b)</i> )               | 44,527,500                   | 44,527                              |
|                                                                    | <u>500,000,000</u>           | <u>500,000</u>                      |
| Balance at June 30, 2020                                           | <u>500,000,000</u>           | <u>500,000</u>                      |

- (a) On May 28, 2020, the Company was converted from a limited liability company into a joint stock company with limited liability. By reference to the Company's net asset value at January 31, 2020, the Company issued 455,472,500 shares at par value of RMB1 each to the shareholders.
- (b) On June 8, 2020, Panxin (Shanghai) Investment Center (Limited Partnership), Wuhan Gaoling Zhicheng AI Private Equity Fund II, L.P. and Beijing Ronghui Yangguang Yongsheng Investment Management Center (Limited Partnership) entered into a capital contribution agreement with the Company and its shareholders and subscribed 20,500,000, 10,000,000 and 14,027,500 shares of the Company at the consideration of RMB220,090,000, RMB107,361,000 and RMB150,601,000 respectively. On June 12, 2020, share capital of the Company was increased from RMB455,472,500 to RMB500,000,000 and the increase in capital reserve representing the proceeds received from the capital increase in excess of the increased amount of share capital of the Company of RMB433,525,500.

**26 RESERVES****The Group**

|                                                                                                     | Capital<br>reserves | Statutory<br>reserves | Total other<br>reserves | Retained<br>earnings | Total<br>reserves |
|-----------------------------------------------------------------------------------------------------|---------------------|-----------------------|-------------------------|----------------------|-------------------|
|                                                                                                     | <i>RMB'000</i>      | <i>RMB'000</i>        | <i>RMB'000</i>          | <i>RMB'000</i>       | <i>RMB'000</i>    |
| <b>Balance at January 1, 2017</b>                                                                   | 52,550              | 20,205                | 72,755                  | 81,354               | 154,109           |
| Profit for the year                                                                                 | –                   | –                     | –                       | 113,551              | 113,551           |
| Dividend declared to<br>shareholders of the<br>Company and a combining<br>entity ( <i>Note 31</i> ) | –                   | –                     | –                       | (67,235)             | (67,235)          |
| Appropriation of statutory<br>reserves ( <i>Note (a)</i> )                                          | –                   | 4,795                 | 4,795                   | (4,795)              | –                 |
| <b>Balance at December 31,<br/>2017</b>                                                             | <u>52,550</u>       | <u>25,000</u>         | <u>77,550</u>           | <u>122,875</u>       | <u>200,425</u>    |

# APPENDIX I

# ACCOUNTANT'S REPORT

|                                                                                                        | Capital<br>reserves | Statutory<br>reserves | Total other<br>reserves | Retained<br>earnings | Total<br>reserves |
|--------------------------------------------------------------------------------------------------------|---------------------|-----------------------|-------------------------|----------------------|-------------------|
|                                                                                                        | RMB'000             | RMB'000               | RMB'000                 | RMB'000              | RMB'000           |
| <b>Balance at January 1, 2018</b>                                                                      | 52,550              | 25,000                | 77,550                  | 122,875              | 200,425           |
| Profit for the year                                                                                    | –                   | –                     | –                       | 161,776              | 161,776           |
| Dividend declared to<br>shareholders of the<br>Company ( <i>Note 31</i> )                              | –                   | –                     | –                       | (96,751)             | (96,751)          |
| <b>Balance at December 31,<br/>2018</b>                                                                | <u>52,550</u>       | <u>25,000</u>         | <u>77,550</u>           | <u>187,900</u>       | <u>265,450</u>    |
| <b>Balance at January 1, 2019</b>                                                                      | 52,550              | 25,000                | 77,550                  | 187,900              | 265,450           |
| Profit for the year                                                                                    | –                   | –                     | –                       | 366,452              | 366,452           |
| Deemed distributions to<br>the shareholders of the<br>Company ( <i>Note (b)</i> )                      | (52,550)            | –                     | (52,550)                | –                    | (52,550)          |
| Dividend declared to<br>shareholders of the<br>Company ( <i>Note 31</i> )                              | –                   | –                     | –                       | (146,652)            | (146,652)         |
| <b>Balance at December 31,<br/>2019</b>                                                                | <u>–</u>            | <u>25,000</u>         | <u>25,000</u>           | <u>407,700</u>       | <u>432,700</u>    |
| <b>Balance at January 1, 2020</b>                                                                      | –                   | 25,000                | 25,000                  | 407,700              | 432,700           |
| Profit for the period                                                                                  | –                   | –                     | –                       | 293,756              | 293,756           |
| Transfer from reserves to<br>share capital ( <i>Note 25(a)</i> )                                       | 19,805              | (25,000)              | (5,195)                 | (400,278)            | (405,473)         |
| Capital contribution from<br>owners ( <i>Note 25(b)</i> )                                              | 433,525             | –                     | 433,525                 | –                    | 433,525           |
| Acquisition of additional<br>interests in a subsidiary<br>( <i>Note 35(a)</i> )                        | 1,250               | –                     | 1,250                   | –                    | 1,250             |
| Change in ownership interests<br>in a subsidiary without<br>change of control<br>( <i>Note 35(b)</i> ) | (827)               | –                     | (827)                   | –                    | (827)             |
| <b>Balance at June 30, 2020</b>                                                                        | <u>453,753</u>      | <u>–</u>              | <u>453,753</u>          | <u>301,178</u>       | <u>754,931</u>    |
| <b>(Unaudited)</b>                                                                                     |                     |                       |                         |                      |                   |
| <b>Balance at January 1, 2019</b>                                                                      | 52,550              | 25,000                | 77,550                  | 187,900              | 265,450           |
| Profit for the period                                                                                  | –                   | –                     | –                       | 162,434              | 162,434           |
| Deemed distributions to the<br>shareholders of the<br>Company ( <i>Note (b)</i> )                      | (50,000)            | –                     | (50,000)                | –                    | (50,000)          |
| Dividend declared to<br>shareholders of the<br>Company ( <i>Note 31</i> )                              | –                   | –                     | –                       | (146,652)            | (146,652)         |
| <b>Balance at June 30, 2019</b>                                                                        | <u>2,550</u>        | <u>25,000</u>         | <u>27,550</u>           | <u>203,682</u>       | <u>231,232</u>    |

## The Company

|                                                                    | Capital<br>reserves | Statutory<br>reserves | Total other<br>reserves | Retained<br>earnings | Total<br>reserves |
|--------------------------------------------------------------------|---------------------|-----------------------|-------------------------|----------------------|-------------------|
|                                                                    | RMB'000             | RMB'000               | RMB'000                 | RMB'000              | RMB'000           |
| <b>Balance at January 1, 2017</b>                                  | 52,550              | 20,205                | 72,755                  | 48,975               | 121,730           |
| Profit for the year                                                | –                   | –                     | –                       | 121,204              | 121,204           |
| Dividend declared to shareholders of the Company (Note 31)         | –                   | –                     | –                       | (36,237)             | (36,237)          |
| Appropriation of statutory reserves (Note (a))                     | –                   | 4,795                 | 4,795                   | (4,795)              | –                 |
| <b>Balance at December 31, 2017</b>                                | <u>52,550</u>       | <u>25,000</u>         | <u>77,550</u>           | <u>129,147</u>       | <u>206,697</u>    |
| <b>Balance at January 1, 2018</b>                                  | 52,550              | 25,000                | 77,550                  | 129,147              | 206,697           |
| Profit for the year                                                | –                   | –                     | –                       | 167,552              | 167,552           |
| Dividend declared to shareholders of the Company (Note 31)         | –                   | –                     | –                       | (96,751)             | (96,751)          |
| <b>Balance at December 31, 2018</b>                                | <u>52,550</u>       | <u>25,000</u>         | <u>77,550</u>           | <u>199,948</u>       | <u>277,498</u>    |
| <b>Balance at January 1, 2019</b>                                  | 52,550              | 25,000                | 77,550                  | 199,948              | 277,498           |
| Profit for the year                                                | –                   | –                     | –                       | 343,793              | 343,793           |
| Deemed distributions to the shareholders of the Company (Note (b)) | (52,550)            | –                     | (52,550)                | –                    | (52,550)          |
| Dividend declared to shareholders of the Company (Note 31)         | –                   | –                     | –                       | (146,652)            | (146,652)         |
| <b>Balance at December 31, 2019</b>                                | <u>–</u>            | <u>25,000</u>         | <u>25,000</u>           | <u>397,089</u>       | <u>422,089</u>    |
| <b>Balance at January 1, 2020</b>                                  | –                   | 25,000                | 25,000                  | 397,089              | 422,089           |
| Profit for the period                                              | –                   | –                     | –                       | 284,673              | 284,673           |
| Transfer from reserves to share capital (Note 25(a))               | 19,805              | (25,000)              | (5,195)                 | (400,278)            | (405,473)         |
| Capital contribution from owners (Note 25(b))                      | 433,525             | –                     | 433,525                 | –                    | 433,525           |
| <b>Balance at June 30, 2020</b>                                    | <u>453,330</u>      | <u>–</u>              | <u>453,330</u>          | <u>281,484</u>       | <u>734,814</u>    |

|                                                                             | Capital<br>reserves | Statutory<br>reserves | Total other<br>reserves | Retained<br>earnings | Total<br>reserves |
|-----------------------------------------------------------------------------|---------------------|-----------------------|-------------------------|----------------------|-------------------|
|                                                                             | RMB'000             | RMB'000               | RMB'000                 | RMB'000              | RMB'000           |
| <b>(Unaudited)</b>                                                          |                     |                       |                         |                      |                   |
| <b>Balance at January 1, 2019</b>                                           | 52,550              | 25,000                | 77,550                  | 199,948              | 277,498           |
| Profit for the period                                                       | –                   | –                     | –                       | 158,185              | 158,185           |
| Deemed distributions to the shareholders of the Company ( <i>Note (b)</i> ) | (50,000)            | –                     | (50,000)                | –                    | (50,000)          |
| Dividend declared to shareholders of the Company ( <i>Note 31</i> )         | –                   | –                     | –                       | (146,652)            | (146,652)         |
| <b>Balance at June 30, 2019</b>                                             | <u>2,550</u>        | <u>25,000</u>         | <u>27,550</u>           | <u>211,481</u>       | <u>239,031</u>    |

- (a) In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities. At December 31, 2017, the statutory reserves of the Company has reached 50% of its registered capital, so no more profit is required to transfer to the statutory reserve fund.
- (b) During the year ended December 31, 2019, consideration payables by the Company to the shareholders of the Company for the acquisition of Jinke Jingchao and Chongqing Xinqidian was treated as deemed distributions (*Note 1*).

## 27 TRADE AND BILL AND OTHER PAYABLES

### The Group

|                                         | As of December 31, |                |                  | As of<br>June 30, |
|-----------------------------------------|--------------------|----------------|------------------|-------------------|
|                                         | 2017               | 2018           | 2019             | 2020              |
|                                         | RMB'000            | RMB'000        | RMB'000          | RMB'000           |
| Trade payables ( <i>Note (a)</i> )      |                    |                |                  |                   |
| — Related parties ( <i>Note 33(d)</i> ) | 337                | 566            | 43               | 1,157             |
| — Third parties                         | <u>27,423</u>      | <u>81,671</u>  | <u>144,196</u>   | <u>145,289</u>    |
|                                         | <u>27,760</u>      | <u>82,237</u>  | <u>144,239</u>   | <u>146,446</u>    |
| Bill payables                           |                    |                |                  |                   |
| — Third parties                         | <u>–</u>           | <u>–</u>       | <u>8,909</u>     | <u>11,891</u>     |
| Other payables                          |                    |                |                  |                   |
| — Related parties ( <i>Note 33(d)</i> ) | 619,287            | 698,958        | 738,771          | 29,302            |
| — Third parties                         | <u>206,574</u>     | <u>294,780</u> | <u>349,258</u>   | <u>389,181</u>    |
|                                         | <u>825,861</u>     | <u>993,738</u> | <u>1,088,029</u> | <u>418,483</u>    |

|                      | As of December 31, |           |           | As of<br>June 30, |
|----------------------|--------------------|-----------|-----------|-------------------|
|                      | 2017               | 2018      | 2019      | 2020              |
|                      | RMB'000            | RMB'000   | RMB'000   | RMB'000           |
| Accrued payroll      | 107,172            | 102,202   | 114,217   | 29,722            |
| Other taxes payables | 16,724             | 26,818    | 30,880    | 34,768            |
| Interests payables   | 13,578             | 17,654    | 12,135    | 8,104             |
|                      | 137,474            | 146,674   | 157,232   | 72,594            |
|                      | 991,095            | 1,222,649 | 1,398,409 | 649,414           |

**The Company**

|                                    | As of December 31, |           |           | As of<br>June 30, |
|------------------------------------|--------------------|-----------|-----------|-------------------|
|                                    | 2017               | 2018      | 2019      | 2020              |
|                                    | RMB'000            | RMB'000   | RMB'000   | RMB'000           |
| Trade payables ( <i>Note (a)</i> ) |                    |           |           |                   |
| — Related parties                  | —                  | —         | 43        | 1,055             |
| — Third parties                    | 24,179             | 68,272    | 115,577   | 114,719           |
|                                    | 24,179             | 68,272    | 115,620   | 115,774           |
| Bill payables                      |                    |           |           |                   |
| — Third parties                    | —                  | —         | 7,519     | 11,396            |
| Other payables                     |                    |           |           |                   |
| — Subsidiaries                     | 2,711              | 14,109    | 13,244    | 77,208            |
| — Related parties                  | 562,520            | 698,172   | 738,668   | 28,838            |
| — Third parties                    | 196,086            | 278,758   | 319,792   | 358,535           |
|                                    | 761,317            | 991,039   | 1,071,704 | 464,581           |
| Accrued payroll                    | 98,326             | 94,452    | 104,230   | 26,620            |
| Other taxes payables               | 16,152             | 25,527    | 28,531    | 31,576            |
| Interests payables                 | 13,578             | 17,654    | 12,135    | 8,104             |
|                                    | 128,056            | 137,633   | 144,896   | 66,300            |
|                                    | 913,552            | 1,196,944 | 1,339,739 | 658,051           |

As of December 31, 2017, 2018 and 2019 and June 30, 2020, the carrying amounts of trade and bill and other payables approximated their fair values.



- (a) As of December 31, 2017, 2018 and 2019 and June 30, 2020, the ageing analysis of the trade and bill payables based on invoice date were as follows:

**The Group**

|              | As of December 31, |               |                | As of<br>June 30, |
|--------------|--------------------|---------------|----------------|-------------------|
|              | 2017               | 2018          | 2019           | 2020              |
|              | RMB'000            | RMB'000       | RMB'000        | RMB'000           |
| Up to 1 year | 26,492             | 79,314        | 151,667        | 155,709           |
| 1 to 2 years | 963                | 2,131         | 573            | 1,484             |
| 2 to 3 years | 293                | 492           | 564            | 304               |
| Over 3 years | 12                 | 300           | 344            | 840               |
|              | <u>27,760</u>      | <u>82,237</u> | <u>153,148</u> | <u>158,337</u>    |

**The Company**

|              | As of December 31, |               |                | As of<br>June 30, |
|--------------|--------------------|---------------|----------------|-------------------|
|              | 2017               | 2018          | 2019           | 2020              |
|              | RMB'000            | RMB'000       | RMB'000        | RMB'000           |
| Up to 1 year | 23,772             | 66,687        | 122,221        | 125,483           |
| 1 to 2 years | 283                | 1,261         | 434            | 1,095             |
| 2 to 3 years | 112                | 202           | 413            | 191               |
| Over 3 years | 12                 | 122           | 71             | 401               |
|              | <u>24,179</u>      | <u>68,272</u> | <u>123,139</u> | <u>127,170</u>    |

**28 BORROWINGS**

**The Group and the Company**

|             | As of December 31, |                  |                  | As of<br>June 30, |
|-------------|--------------------|------------------|------------------|-------------------|
|             | 2017               | 2018             | 2019             | 2020              |
|             | RMB'000            | RMB'000          | RMB'000          | RMB'000           |
| Non-current | 780,000            | 1,830,000        | 1,145,000        | –                 |
| Current     | 300,000            | 500,000          | 685,000          | 1,495,000         |
|             | <u>1,080,000</u>   | <u>2,330,000</u> | <u>1,830,000</u> | <u>1,495,000</u>  |

As of December 31, 2017, 2018 and 2019 and June 30, 2020, the borrowings of the Group and the Company were repayable as follows:

|               | As of December 31, |                  |                  | As of<br>June 30, |
|---------------|--------------------|------------------|------------------|-------------------|
|               | 2017               | 2018             | 2019             | 2020              |
|               | <i>RMB'000</i>     | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>    |
| Within 1 year | 300,000            | 500,000          | 685,000          | 1,495,000         |
| 1 to 2 years  | 330,000            | 685,000          | 272,000          | –                 |
| 2 to 5 years  | 450,000            | 1,145,000        | 873,000          | –                 |
|               | <u>1,080,000</u>   | <u>2,330,000</u> | <u>1,830,000</u> | <u>1,495,000</u>  |

The Group entered into entrusted loan agreements with Jinke Property and an entrusted bank on October 19, 2015 and April 18, 2018, pursuant to which the Group borrowed total amounts of RMB1,500,000,000 and RMB1,600,000,000 respectively from Jinke Property through the entrusted bank (collectively the “Borrowings”). According to the aforesaid loan agreements, these Borrowings bear interests at fixed rates of 9% and 7% per annum respectively and are repayable by quarterly instalments till November 5, 2020 and June 5, 2024 respectively (the “Repayment Terms”).

The Group had subsequently advanced the entire amounts of RMB1,500,000,000 and RMB1,600,000,000 with identical interest and repayment terms as those for the Borrowings to certain subsidiaries of Jinke Property on November 5, 2015 and June 5, 2018 respectively (Note 33(d)).

On November 5, 2015 and June 5, 2018, Jinke Property has transferred its entire legal and receivable rights in the Borrowings with principal amounts of RMB1,500,000,000 and RMB1,600,000,000 to the financial products as administrated and managed by China Merchants Securities Co., Ltd. (“China Merchants Securities”) and CITIC Trust Co., Ltd. (“CITIC Trust”) respectively (collectively the “Financial Products”) for its issue of asset-backed securities (“ABS”) and asset-backed notes (“ABN”) with the same respective principal amounts to external institutional subscribers. As such, after the transfer, the loan obligation with the entrusted banks have been terminated. The Group has pledged its future rights of receiving management fees for certain properties under its management for the purpose of Jinke Property’s issue of these ABS and ABN and will repay the Borrowings directly to the Financial Products following the Repayment Terms of the Borrowings.

The ABS and ABN have the interest and repayment terms which are all identical with those for the Borrowings. Jinke Property has provided undertaking for the repayment of any difference between the amounts as repaid by the Group and any outstanding ABS and ABN amounts remained unsettled upon the respective maturity dates.

On June 5, 2020 and June 11, 2020, Jinke Property has convened a meeting with the ABS and ABN holders and decided to early terminate and redeem all the outstanding principal together with the related interests of the ABS and ABN on August 14, 2020 and the pledge of the Group’s future rights of receiving management fees for certain properties as mentioned above will then be released accordingly. Details are set out in Note 37.

## 29 LEASES

## (a) Amounts recognized in the statements of financial position

## The Group

|                     | As of December 31, |                |                | As of<br>June 30, |
|---------------------|--------------------|----------------|----------------|-------------------|
|                     | 2017               | 2018           | 2019           | 2020              |
|                     | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Right-of-use assets |                    |                |                |                   |
| — Properties        | 1,187              | 4,947          | 3,736          | 2,938             |
| Lease liabilities   |                    |                |                |                   |
| — Current           | 250                | 1,708          | 1,331          | 1,177             |
| — Non-current       | 961                | 3,298          | 2,526          | 1,943             |
|                     | 1,211              | 5,006          | 3,857          | 3,120             |

## The Company

|                     | As of December 31, |                |                | As of<br>June 30, |
|---------------------|--------------------|----------------|----------------|-------------------|
|                     | 2017               | 2018           | 2019           | 2020              |
|                     | <i>RMB'000</i>     | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>    |
| Right-of-use assets |                    |                |                |                   |
| — Properties        | 988                | 4,145          | 3,198          | 2,259             |
| Lease liabilities   |                    |                |                |                   |
| — Current           | 143                | 1,456          | 1,163          | 1,003             |
| — Non-current       | 867                | 2,747          | 2,143          | 1,648             |
|                     | 1,010              | 4,203          | 3,306          | 2,651             |

As of December 31, 2017, 2018 and 2019 and June 30, 2020, right-of-use assets have been included in property, plant and equipment of the Group and the Company.

## (b) Amounts recognized in the consolidated statements of comprehensive income

|                                                                                                                                            | Year ended December 31, |         |         | Six months ended June 30, |         |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------|---------|---------------------------|---------|
|                                                                                                                                            | 2017                    | 2018    | 2019    | 2019                      | 2020    |
|                                                                                                                                            | RMB'000                 | RMB'000 | RMB'000 | RMB'000<br>(Unaudited)    | RMB'000 |
| Depreciation charge                                                                                                                        |                         |         |         |                           |         |
| — Properties                                                                                                                               | 246                     | 1,381   | 1,962   | 949                       | 798     |
| Interest expense (included in finance cost)<br>(Note 11)                                                                                   | 75                      | 281     | 261     | 139                       | 100     |
| Expenses relating to short-term leases (included in cost of sales, selling and marketing expenses and administrative expenses)<br>(Note 8) | 2,084                   | 5,481   | 7,012   | 3,371                     | 3,298   |
| Total cash outflows for leases                                                                                                             | 2,381                   | 7,108   | 9,173   | 4,429                     | 4,135   |

## (c) A maturity analysis of lease liabilities is shown in the table below:

|                         | As of December 31, |         |         | As of<br>June 30, |
|-------------------------|--------------------|---------|---------|-------------------|
|                         | 2017               | 2018    | 2019    | 2020              |
|                         | RMB'000            | RMB'000 | RMB'000 | RMB'000           |
| Leases are payable:     |                    |         |         |                   |
| Within 1 year           | 312                | 2,162   | 1,513   | 1,323             |
| 1 to 2 years            | 269                | 1,139   | 1,235   | 1,098             |
| 2 to 5 years            | 692                | 2,501   | 1,479   | 968               |
| More than 5 years       | 159                | —       | —       | —                 |
| Minimum lease payments  | 1,432              | 5,802   | 4,227   | 3,389             |
| Future finance charge   | (221)              | (796)   | (370)   | (269)             |
| Total lease liabilities | 1,211              | 5,006   | 3,857   | 3,120             |

|                                                       | As of December 31, |         |         | As of<br>June 30, |
|-------------------------------------------------------|--------------------|---------|---------|-------------------|
|                                                       | 2017               | 2018    | 2019    | 2020              |
|                                                       | RMB'000            | RMB'000 | RMB'000 | RMB'000           |
| The present value of lease liabilities is as follows: |                    |         |         |                   |
| Within 1 year                                         | 250                | 1,708   | 1,331   | 1,177             |
| 1 to 2 years                                          | 221                | 979     | 1,121   | 1,015             |
| 2 to 5 years                                          | 586                | 2,319   | 1,405   | 928               |
| More than 5 years                                     | 154                | —       | —       | —                 |
| Total lease liabilities                               | 1,211              | 5,006   | 3,857   | 3,120             |

### 30 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

|                                                                             | As of December 31, |         |         | As of<br>June 30, |
|-----------------------------------------------------------------------------|--------------------|---------|---------|-------------------|
|                                                                             | 2017               | 2018    | 2019    | 2020              |
|                                                                             | RMB'000            | RMB'000 | RMB'000 | RMB'000           |
| Deferred income tax assets:                                                 |                    |         |         |                   |
| — Deferred income tax assets to be recovered after more than 12 months      | 5,330              | 7,061   | 8,434   | 7,341             |
| — Deferred income tax assets to be recovered within 12 months               | 306                | 1,461   | 703     | 553               |
| — Set-off of deferred income tax liabilities pursuant to set-off provisions | (507)              | (1,195) | (1,057) | (1,319)           |
|                                                                             | 5,129              | 7,327   | 8,080   | 6,575             |
| Deferred income tax liabilities:                                            |                    |         |         |                   |
| — Deferred income tax liabilities to be settled after more than 12 months   | (532)              | (1,299) | (1,354) | (1,333)           |
| — Deferred income tax liabilities to be settled within 12 months            | (389)              | (578)   | (645)   | (504)             |
| — Set-off of deferred income tax liabilities pursuant to set-off provisions | 507                | 1,195   | 1,057   | 1,319             |
|                                                                             | (414)              | (682)   | (942)   | (518)             |
|                                                                             | 4,715              | 6,645   | 7,138   | 6,057             |

The movement in deferred income tax assets/(liabilities) during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

|                                         | Allowance<br>on doubtful<br>debts | Accrued<br>expenses | Tax losses     | Excess of<br>carrying amount<br>of property, plant<br>and equipment<br>over the tax bases | Total          |
|-----------------------------------------|-----------------------------------|---------------------|----------------|-------------------------------------------------------------------------------------------|----------------|
|                                         | <i>RMB'000</i>                    | <i>RMB'000</i>      | <i>RMB'000</i> | <i>RMB'000</i>                                                                            | <i>RMB'000</i> |
| <b>As of January 1, 2017</b>            | 385                               | –                   | 2,196          | (1,107)                                                                                   | 1,474          |
| Credited to profit or loss              | 155                               | 61                  | 2,839          | 186                                                                                       | 3,241          |
| <b>As of December 31, 2017</b>          | <u>540</u>                        | <u>61</u>           | <u>5,035</u>   | <u>(921)</u>                                                                              | <u>4,715</u>   |
| <b>As of January 1, 2018</b>            | 540                               | 61                  | 5,035          | (921)                                                                                     | 4,715          |
| Credited/(charged) to<br>profit or loss | 154                               | 551                 | 2,181          | (956)                                                                                     | 1,930          |
| <b>As of December 31, 2018</b>          | <u>694</u>                        | <u>612</u>          | <u>7,216</u>   | <u>(1,877)</u>                                                                            | <u>6,645</u>   |
| <b>As of January 1, 2019</b>            | 694                               | 612                 | 7,216          | (1,877)                                                                                   | 6,645          |
| Credited/(charged) to<br>profit or loss | 593                               | (557)               | 579            | (122)                                                                                     | 493            |
| <b>As of December 31, 2019</b>          | <u>1,287</u>                      | <u>55</u>           | <u>7,795</u>   | <u>(1,999)</u>                                                                            | <u>7,138</u>   |
| <b>As of January 1, 2020</b>            | 1,287                             | 55                  | 7,795          | (1,999)                                                                                   | 7,138          |
| Credited/(charged) to<br>profit or loss | 299                               | (55)                | (1,487)        | 162                                                                                       | (1,081)        |
| <b>As of June 30, 2020</b>              | <u>1,586</u>                      | <u>–</u>            | <u>6,308</u>   | <u>(1,837)</u>                                                                            | <u>6,057</u>   |

### 31 DIVIDENDS

|           | Year ended December 31, |                |                | Six months ended June 30, |                |
|-----------|-------------------------|----------------|----------------|---------------------------|----------------|
|           | 2017                    | 2018           | 2019           | 2019                      | 2020           |
|           | <i>RMB'000</i>          | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i>            | <i>RMB'000</i> |
|           |                         |                |                | <i>(Unaudited)</i>        |                |
| Dividends | <u>67,235</u>           | <u>96,751</u>  | <u>146,652</u> | <u>146,652</u>            | <u>–</u>       |

During each of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the Company declared dividends of RMB36,237,000, RMB96,751,000, RMB146,652,000, RMB146,652,000 and nil respectively.

During the year ended December 31, 2017, Chongqing Xinqidian, a combining entity as mentioned in Note 1, declared dividends of RMB30,998,000.

## 32 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

## (a) Cash generated from/(used in) operations

|                                                                                           | Year ended December 31, |                |                | Six months ended<br>June 30, |                |
|-------------------------------------------------------------------------------------------|-------------------------|----------------|----------------|------------------------------|----------------|
|                                                                                           | 2017                    | 2018           | 2019           | 2019                         | 2020           |
|                                                                                           | RMB'000                 | RMB'000        | RMB'000        | RMB'000<br>(Unaudited)       | RMB'000        |
| Profit before income tax                                                                  | 136,233                 | 197,656        | 450,112        | 198,988                      | 364,440        |
| Adjustments for:                                                                          |                         |                |                |                              |                |
| — Depreciation of property, plant and equipment (Note 15)                                 | 6,817                   | 9,332          | 10,585         | 5,148                        | 5,631          |
| — Amortization of intangible assets (Note 16)                                             | 968                     | 1,183          | 1,127          | 657                          | 690            |
| — Net impairment losses on financial assets (Note 3.1.2)                                  | 344                     | 1,007          | 4,018          | 3,291                        | 2,327          |
| — Losses on disposal of property, plant and equipment (Note 10)                           | 204                     | 137            | 167            | 46                           | 44             |
| — Losses/(gains) on disposal of other assets (Note 10)                                    | 539                     | 954            | (1,894)        | (597)                        | (1,538)        |
| — Finance cost (Note 11)                                                                  | 120                     | 7,334          | 406            | 199                          | 100            |
| — Interest income from loans to related parties (Note 7)                                  | —                       | —              | (26,799)       | (13,930)                     | (15,281)       |
| — (Gains)/losses from disposal of subsidiaries (Note 10)                                  | (1,250)                 | (78)           | —              | —                            | 1,242          |
| — Remeasurement (gains)/losses on investment in joint ventures (Note 10)                  | —                       | —              | (160)          | —                            | 71             |
| — Net fair value gains on financial assets at fair value through profit or loss (Note 10) | (254)                   | (52)           | —              | —                            | —              |
|                                                                                           | <u>143,721</u>          | <u>217,473</u> | <u>437,562</u> | <u>193,802</u>               | <u>357,726</u> |
| Changes in working capital:                                                               |                         |                |                |                              |                |
| — Inventories                                                                             | (778)                   | (2,007)        | (955)          | (1,565)                      | (2,512)        |
| — Trade and bill and other receivables and prepayments                                    | (61,438)                | (150,662)      | (378,850)      | (259,918)                    | (269,839)      |
| — Contract liabilities                                                                    | 51,745                  | 57,389         | 71,742         | 35,729                       | 34,534         |
| — Trade and bill and other payables                                                       | 63,057                  | 146,317        | 141,465        | (33,063)                     | (34,101)       |
| — Restricted cash                                                                         | (1,200)                 | (27)           | (28)           | (28)                         | 1,091          |
| Cash generated from/(used in) operations                                                  | <u>195,107</u>          | <u>268,483</u> | <u>270,936</u> | <u>(65,043)</u>              | <u>86,899</u>  |

(b) The reconciliation of liabilities arising from financial activities is as follow:

|                                     | <b>Borrowings<br/>and interest<br/>payables</b> | <b>Lease<br/>liabilities</b> | <b>Dividends<br/>payable</b> | <b>Total</b>     |
|-------------------------------------|-------------------------------------------------|------------------------------|------------------------------|------------------|
|                                     | <i>RMB'000</i>                                  | <i>RMB'000</i>               | <i>RMB'000</i>               | <i>RMB'000</i>   |
| As of January 1, 2017               | 1,336,566                                       | 1,402                        | 130,000                      | 1,467,968        |
| Cash flows                          |                                                 |                              |                              |                  |
| — Inflow from financing activities  | —                                               | —                            | —                            | —                |
| — Outflow from financing activities | (350,352)                                       | (297)                        | (197,235)                    | (547,884)        |
| Non-cash changes                    |                                                 |                              |                              |                  |
| — Acquisition—leases                | —                                               | 31                           | —                            | 31               |
| — Finance expense recognized        | 107,364                                         | 75                           | —                            | 107,439          |
| — Accrued dividends payable         | —                                               | —                            | 67,235                       | 67,235           |
| As of December 31, 2017             | <u>1,093,578</u>                                | <u>1,211</u>                 | <u>—</u>                     | <u>1,094,789</u> |
| As of January 1, 2018               | 1,093,578                                       | 1,211                        | —                            | 1,094,789        |
| Cash flows                          |                                                 |                              |                              |                  |
| — Inflow from financing activities  | 1,600,000                                       | —                            | —                            | 1,600,000        |
| — Outflow from financing activities | (507,301)                                       | (1,627)                      | (96,751)                     | (605,679)        |
| Non-cash changes                    |                                                 |                              |                              |                  |
| — Acquisition—leases                | —                                               | 5,141                        | —                            | 5,141            |
| — Finance expense recognized        | 161,377                                         | 281                          | —                            | 161,658          |
| — Accrued dividends payable         | —                                               | —                            | 96,751                       | 96,751           |
| As of December 31, 2018             | <u>2,347,654</u>                                | <u>5,006</u>                 | <u>—</u>                     | <u>2,352,660</u> |
| As of January 1, 2019               | 2,347,654                                       | 5,006                        | —                            | 2,352,660        |
| Cash flows                          |                                                 |                              |                              |                  |
| — Inflow from financing activities  | —                                               | —                            | —                            | —                |
| — Outflow from financing activities | (665,220)                                       | (2,161)                      | (146,652)                    | (814,033)        |
| Non-cash changes                    |                                                 |                              |                              |                  |
| — Acquisition—leases                | —                                               | 751                          | —                            | 751              |
| — Finance expense recognized        | 159,701                                         | 261                          | —                            | 159,962          |
| — Accrued dividends payable         | —                                               | —                            | 146,652                      | 146,652          |
| As of December 31, 2019             | <u>1,842,135</u>                                | <u>3,857</u>                 | <u>—</u>                     | <u>1,845,992</u> |
| As of January 1, 2020               | 1,842,135                                       | 3,857                        | —                            | 1,845,992        |
| Cash flows                          |                                                 |                              |                              |                  |
| — Inflow from financing activities  | —                                               | —                            | —                            | —                |
| — Outflow from financing activities | (401,214)                                       | (837)                        | —                            | (402,051)        |
| Non-cash changes                    |                                                 |                              |                              |                  |
| — Acquisition—leases                | —                                               | —                            | —                            | —                |
| — Finance expense recognized        | 62,183                                          | 100                          | —                            | 62,283           |
| As of June 30, 2020                 | <u>1,503,104</u>                                | <u>3,120</u>                 | <u>—</u>                     | <u>1,506,224</u> |



|                                     | <b>Borrowings<br/>and interest<br/>payables</b> | <b>Lease<br/>liabilities</b> | <b>Dividends<br/>payable</b> | <b>Total</b>     |
|-------------------------------------|-------------------------------------------------|------------------------------|------------------------------|------------------|
|                                     | <i>RMB'000</i>                                  | <i>RMB'000</i>               | <i>RMB'000</i>               | <i>RMB'000</i>   |
| As of January 1, 2019 (Unaudited)   | 2,347,654                                       | 5,006                        | —                            | 2,352,660        |
| Cash flows                          |                                                 |                              |                              |                  |
| — Inflow from financing activities  | —                                               | —                            | —                            | —                |
| — Outflow from financing activities | (322,398)                                       | (1,058)                      | (146,652)                    | (470,108)        |
| Non-cash changes                    |                                                 |                              |                              |                  |
| — Acquisition—leases                | —                                               | 287                          | —                            | 287              |
| — Finance expense recognized        | 84,281                                          | 139                          | —                            | 84,420           |
| — Accrued dividends payable         | —                                               | —                            | 146,652                      | 146,652          |
| As of June 30, 2019                 | <u>2,109,537</u>                                | <u>4,374</u>                 | <u>—</u>                     | <u>2,113,911</u> |

### 33 RELATED PARTY TRANSACTIONS

#### (a) Name and relationship with related parties

| <b>Name</b>                                                              | <b>Relationship</b>                           |
|--------------------------------------------------------------------------|-----------------------------------------------|
| Jinke Property Group                                                     | Ultimate holding company and its subsidiaries |
| Hunan Jinke Property Development Co., Ltd*<br>湖南金科房地產開發有限公司              | Joint ventures/associates of Jinke Property   |
| Wujiaqu Jinke Property Development Co., Ltd*<br>五家渠金科房地產開發有限公司           | Joint ventures/associates of Jinke Property   |
| Chongqing Jinjiahe Property Development Co., Ltd*<br>重慶金佳禾房地產開發有限公司      | Joint ventures/associates of Jinke Property   |
| Chongqing Kunxiang Yutang Property Development Co., Ltd* 重慶昆翔譽棠房地產開發有限公司 | Joint ventures/associates of Jinke Property   |
| Xinjiang Jinke Yutai Property Development Co., Ltd*<br>新疆金科宇泰房地產開發有限公司   | Joint ventures/associates of Jinke Property   |
| Chongqing Pinjinyue Property Development Co., Ltd*<br>重慶品錦悅房地產開發有限公司     | Joint ventures/associates of Jinke Property   |
| Chongqing Xidao Property Development Co., Ltd*<br>重慶西道房地產開發有限公司          | Joint ventures/associates of Jinke Property   |
| Xinjiang Jinke Yukun Property Development Co., Ltd*<br>新疆金科宇坤房地產開發有限公司   | Joint ventures/associates of Jinke Property   |
| Henan Jinshangbaishi Enterprises Co., Ltd*<br>河南金上百世置業有限公司               | Joint ventures/associates of Jinke Property   |
| Henan Zhongjian Jinlun Enterprises Co., Ltd*<br>河南中建錦倫置業有限公司             | Joint ventures/associates of Jinke Property   |
| Henan Zhongshu Enterprises Co., Ltd*<br>河南中書置業有限公司                       | Joint ventures/associates of Jinke Property   |
| Chongqing Xilianjin Property Development Co., Ltd*<br>重慶西聯錦房地產開發有限公司     | Joint ventures/associates of Jinke Property   |
| Yunnan Jiaxun Property Development Co., Ltd*<br>雲南嘉遜房地產開發有限公司            | Joint ventures/associates of Jinke Property   |
| Gongyi Bixin Enterprises Co., Ltd*<br>鞏義市碧欣置業有限公司                        | Joint ventures/associates of Jinke Property   |
| Zhumadian Bisheng Enterprises Co., Ltd*<br>駐馬店市碧盛置業有限公司                  | Joint ventures/associates of Jinke Property   |
| Anqing Jinshixiang Property Development Co., Ltd*<br>安慶金世祥房地產開發有限公司      | Joint ventures/associates of Jinke Property   |
| Linquan County Jiarun Property Development Co., Ltd*<br>臨泉縣嘉潤房地產開發有限公司   | Joint ventures/associates of Jinke Property   |
| Lanxi Zhonglianglong Enterprises Co., Ltd*<br>蘭溪中梁龍置業有限公司                | Joint ventures/associates of Jinke Property   |

| Name                                                                       | Relationship                                |
|----------------------------------------------------------------------------|---------------------------------------------|
| Lanxi Hongke Enterprises Co., Ltd*<br>蘭溪鴻科置業有限公司                           | Joint ventures/associates of Jinke Property |
| Changzhou Liangyue Enterprises Co., Ltd*<br>常州梁悅置業有限公司                     | Joint ventures/associates of Jinke Property |
| Changzhou Meike Property Development Co., Ltd*<br>常州市美科房地產發展有限公司           | Joint ventures/associates of Jinke Property |
| Yueyang County Dingyue Property Development Co., Ltd* 岳陽縣鼎岳房地產開發有限公司       | Joint ventures/associates of Jinke Property |
| Jian Jincheng Property Development Co., Ltd*<br>吉安金晨房地產開發有限公司              | Joint ventures/associates of Jinke Property |
| Xuchang Jinyao Property Co., Ltd*<br>許昌金耀房地產有限公司                           | Joint ventures/associates of Jinke Property |
| Suzhou Xincheng Jinyue Property Development Co., Ltd* 宿州新城金悅房地產開發有限公司      | Joint ventures/associates of Jinke Property |
| Shijiazhuang Jinke Property Development Co., Ltd*<br>石家莊金科房地產開發有限公司        | Joint ventures/associates of Jinke Property |
| Hebei Guokong Lancheng Property Development Co., Ltd* 河北國控藍城房地產開發有限公司      | Joint ventures/associates of Jinke Property |
| Suzhou Tianchen Property Development Co., Ltd*<br>蘇州天宸房地產開發有限公司            | Joint ventures/associates of Jinke Property |
| Changzhou Jinke Property Development Co., Ltd*<br>常州金科房地產開發有限公司            | Joint ventures/associates of Jinke Property |
| Fujian Hilton Holiday Hotel Co., Ltd*<br>福建希爾頓假日大酒店有限公司                    | Joint ventures/associates of Jinke Property |
| Chongqing Jinke Junzhi Property Development Co., Ltd* 重慶市金科駿志房地產開發有限公司     | Joint ventures/associates of Jinke Property |
| Dalian Hongkun Enterprises Co., Ltd*<br>大連弘坤實業有限公司                         | Joint ventures/associates of Jinke Property |
| Shijiazhuang Jinke Tianyao Property Development Co., Ltd* 石家莊金科天耀房地產開發有限公司 | Joint ventures/associates of Jinke Property |
| Yunnan Jinhongya Property Development Co., Ltd*<br>雲南金宏雅房地產開發有限公司          | Joint ventures/associates of Jinke Property |
| Zunyi Meijun Property Development Co., Ltd*<br>遵義市美駿房地產開發有限公司              | Joint ventures/associates of Jinke Property |
| Chongqing Meike Property Development Co., Ltd*<br>重慶美科房地產開發有限公司            | Joint ventures/associates of Jinke Property |
| Chongqing Bijiaiyi Property Development Co., Ltd*<br>重慶市碧嘉逸房地產開發有限公司       | Joint ventures/associates of Jinke Property |
| Yunnan Jinke Xinhaihui Enterprises Co., Ltd*<br>雲南金科鑫海匯置業有限公司              | Joint ventures/associates of Jinke Property |
| Changzhou Baijun Property Development Co., Ltd*<br>常州百俊房地產開發有限公司           | Joint ventures/associates of Jinke Property |
| Nanjing Yuhong Property Development Co., Ltd*<br>南京裕鴻房地產開發有限公司             | Joint ventures/associates of Jinke Property |
| Changde Dingye Property Development Co., Ltd*<br>常德市鼎業房地產開發有限公司            | Joint ventures/associates of Jinke Property |
| Chengdu Leading Property Development Co., Ltd*<br>成都領跑房地產開發有限公司            | Joint ventures/associates of Jinke Property |
| Chongqing Bijinhui Property Development Co., Ltd*<br>重慶市碧金輝房地產開發有限公司       | Joint ventures/associates of Jinke Property |
| Chongqing Jinjianglian Property Development Co., Ltd* 重慶金江聯房地產開發有限公司       | Joint ventures/associates of Jinke Property |
| Chongqing Shengmu Property Development Co., Ltd*<br>重慶盛牧房地產開發有限公司          | Joint ventures/associates of Jinke Property |
| Chongqing Meichengjin Property Development Co., Ltd* 重慶美城金房地產開發有限公司        | Joint ventures/associates of Jinke Property |
| Hengyang Dingheng Property Development Co., Ltd*<br>衡陽市鼎衡房地產開發有限公司         | Joint ventures/associates of Jinke Property |
| Shangrao Yuesheng Property Development Co., Ltd*<br>上饒市悅盛房地產開發有限公司         | Joint ventures/associates of Jinke Property |
| Yidu Jiaotou Jinwei Property Development Co., Ltd*<br>宜都交投金緯房地產開發有限公司      | Joint ventures/associates of Jinke Property |

| Name                                                                                                       | Relationship                                |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Yiwu Lianxiang Enterprises Co., Ltd*<br>義烏市聯祥置業有限公司                                                        | Joint ventures/associates of Jinke Property |
| Shenyang Junyu Property Development Co., Ltd*<br>瀋陽駿宇房地產開發有限公司                                             | Joint ventures/associates of Jinke Property |
| Chongqing Jinxi Health Management Co., Ltd*<br>重慶金熙健康管理有限公司                                                | Joint ventures/associates of Jinke Property |
| Shanghai Longjun Property Development Co., Ltd*<br>上海龍竣房地產開發有限公司                                           | Joint ventures/associates of Jinke Property |
| Guangxi Tangpeng Investment Co., Ltd.*<br>廣西唐鵬投資有限公司                                                       | Joint ventures/associates of Jinke Property |
| Chongqing Jinnan Shengtang Property Development Co., Ltd* 重慶金南盛唐房地產開發有限公司                                  | Joint ventures/associates of Jinke Property |
| Chongqing Jinyonghe Property Development Co., Ltd*<br>重慶金永禾房地產開發有限公司                                       | Joint ventures/associates of Jinke Property |
| Liuzhou Luzhai Jinrun Property Development Co., Ltd*<br>柳州鹿砦金潤房地產開發有限公司                                    | Joint ventures/associates of Jinke Property |
| Nanyang Zhongliang Chengtong Enterprises Co., Ltd*<br>南陽中梁城通置業有限公司                                         | Joint ventures/associates of Jinke Property |
| Dalian Runyu Property Development Co., Ltd*<br>大連潤譽房地產開發有限公司                                               | Joint ventures/associates of Jinke Property |
| Zhengzhou Xinyinke Enterprises Co., Ltd*<br>鄭州新銀科置業有限公司                                                    | Joint ventures/associates of Jinke Property |
| Wenzhou Kaiyi Enterprises Co., Ltd*<br>溫州市凱壹置業有限公司                                                         | Joint ventures/associates of Jinke Property |
| Dalian Fengmao Enterprises Co., Ltd*<br>大連豐茂置業有限公司                                                         | Joint ventures/associates of Jinke Property |
| Yueqing Liangpin Enterprises Co., Ltd*<br>樂清市梁品置業有限公司                                                      | Joint ventures/associates of Jinke Property |
| Chongqing Taijun Property Development Co., Ltd*<br>重慶泰駿房地產開發有限公司                                           | Joint ventures/associates of Jinke Property |
| Hubei Jiaotou Hailujing Suizhou Enterprises Co., Ltd*<br>湖北交投海陸景隨州置業開發有限公司                                 | Joint ventures/associates of Jinke Property |
| Qingdao Hengmei Enterprises Co., Ltd*<br>青島恆美置業有限公司                                                        | Joint ventures/associates of Jinke Property |
| Chongqing Wisler Construction Co., Ltd.*<br>重慶威斯勒建設有限公司                                                    | Joint ventures/associates of Jinke Property |
| Chongqing Meichen Property Development Co., Ltd*<br>重慶美宸房地產開發有限公司                                          | Joint ventures/associates of Jinke Property |
| Nantong Sutong Science and Technology Industrial Park Holdings Development Co., Ltd.*<br>南通蘇通科技產業園控股發展有限公司 | Joint ventures/associates of Jinke Property |
| Chongqing Jinjiamei Property Development Co., Ltd*<br>重慶金嘉美房地產開發有限公司                                       | Joint ventures/associates of Jinke Property |
| Zhengzhou Qianshang Enterprises Co., Ltd*<br>鄭州千上置業有限公司                                                    | Joint ventures/associates of Jinke Property |
| Shangrao Kesong Enterprises Co., Ltd*<br>上饒市科頌置業有限公司                                                       | Joint ventures/associates of Jinke Property |
| Hubei Jiaotou Jinke Property Service Co., Ltd*<br>湖北交投金科物業服務有限公司                                           | Joint ventures of Jinke Services            |
| Anhui Kejian Property Service Co., Ltd*<br>安徽科建物業服務有限公司                                                    | Joint ventures of Jinke Services            |
| Shanxi Jinke Taihang Property Service Co., Ltd*<br>山西金科太行物業服務有限公司                                          | Joint ventures of Jinke Services            |
| Chongqing Jinyuejia Education and Technology Co., Ltd* 重慶金悅佳教育科技有限公司                                       | Joint ventures of Jinke Services            |

\* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

**(b) Transactions with related parties**

|                                                      | Year ended December 31, |                  |                  | Six months ended<br>June 30, |                |
|------------------------------------------------------|-------------------------|------------------|------------------|------------------------------|----------------|
|                                                      | 2017                    | 2018             | 2019             | 2019                         | 2020           |
|                                                      | RMB'000                 | RMB'000          | RMB'000          | RMB'000<br>(Unaudited)       | RMB'000        |
| Provision of services                                |                         |                  |                  |                              |                |
| — Jinke Property Group                               | 257,518                 | 343,975          | 523,317          | 169,912                      | 281,658        |
| — Joint ventures and associates<br>of Jinke Property | 8,268                   | 39,075           | 74,536           | 28,001                       | 47,585         |
| — Joint ventures of Jinke<br>Services                | —                       | —                | —                | —                            | 323            |
|                                                      | <u>265,786</u>          | <u>383,050</u>   | <u>597,853</u>   | <u>197,913</u>               | <u>329,566</u> |
| Purchase of goods and services                       |                         |                  |                  |                              |                |
| — Jinke Property Group                               | 3,860                   | 8,802            | 6,344            | 869                          | 1,161          |
| — Joint ventures and associates<br>of Jinke Property | —                       | —                | —                | —                            | 61             |
|                                                      | <u>3,860</u>            | <u>8,802</u>     | <u>6,344</u>     | <u>869</u>                   | <u>1,222</u>   |
| Rental expenses                                      |                         |                  |                  |                              |                |
| — Jinke Property Group                               | <u>155</u>              | <u>160</u>       | <u>165</u>       | <u>83</u>                    | <u>81</u>      |
| Advances to related parties                          |                         |                  |                  |                              |                |
| — Jinke Property Group                               | <u>—</u>                | <u>3,123,919</u> | <u>1,003,440</u> | <u>424,440</u>               | <u>398,000</u> |
| Repayments from related parties                      |                         |                  |                  |                              |                |
| — Jinke Property Group                               | <u>482,182</u>          | <u>1,790,435</u> | <u>1,491,483</u> | <u>719,226</u>               | <u>811,685</u> |
| Interest income from loans to<br>related parties     |                         |                  |                  |                              |                |
| — Jinke Property Group                               | <u>107,319</u>          | <u>154,324</u>   | <u>186,355</u>   | <u>98,151</u>                | <u>77,464</u>  |
| Interest expense on loans from<br>related parties    |                         |                  |                  |                              |                |
| — Jinke Property Group                               | <u>—</u>                | <u>14,311</u>    | <u>—</u>         | <u>—</u>                     | <u>—</u>       |

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

**(c) Key management compensation**

The key strategic and operation decisions of the Group are made by the directors of the Company and their compensations and remuneration have been set out in Note 36.

## (d) Balances with related parties

|                                                   | As of December 31, |                  |                  | As of<br>June 30, |
|---------------------------------------------------|--------------------|------------------|------------------|-------------------|
|                                                   | 2017               | 2018             | 2019             | 2020              |
|                                                   | RMB'000            | RMB'000          | RMB'000          | RMB'000           |
| Trade receivables                                 |                    |                  |                  |                   |
| — Jinke Property Group                            | 16,453             | 54,811           | 125,338          | 193,289           |
| — Joint ventures and associates of Jinke Property | 2,465              | 12,075           | 16,792           | 35,008            |
| — Joint ventures of Jinke Services                | —                  | —                | —                | 147               |
|                                                   | <u>18,918</u>      | <u>66,886</u>    | <u>142,130</u>   | <u>228,444</u>    |
| Other receivables                                 |                    |                  |                  |                   |
| — Jinke Property Group                            | 1,601,367          | 3,167,687        | 2,854,258        | 1,805,449         |
| — Joint ventures and associates of Jinke Property | 33,177             | 34,336           | 33,174           | 36,459            |
| — Joint ventures of Jinke Services                | —                  | —                | 166              | —                 |
|                                                   | <u>1,634,544</u>   | <u>3,202,023</u> | <u>2,887,598</u> | <u>1,841,908</u>  |
|                                                   |                    |                  |                  |                   |
|                                                   | As of December 31, |                  |                  | As of<br>June 30, |
|                                                   | 2017               | 2018             | 2019             | 2020              |
|                                                   | RMB'000            | RMB'000          | RMB'000          | RMB'000           |
| Trade payables                                    |                    |                  |                  |                   |
| — Jinke Property Group                            | 337                | 566              | 43               | 1,095             |
| — Joint ventures and associates of Jinke Property | —                  | —                | —                | 62                |
|                                                   | <u>337</u>         | <u>566</u>       | <u>43</u>        | <u>1,157</u>      |
| Other payables                                    |                    |                  |                  |                   |
| — Jinke Property Group                            | 617,138            | 696,725          | 736,716          | 29,085            |
| — Joint ventures and associates of Jinke Property | 2,149              | 2,233            | 2,055            | 217               |
|                                                   | <u>619,287</u>     | <u>698,958</u>   | <u>738,771</u>   | <u>29,302</u>     |

Above trade receivables and trade payables due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits, are non-trade in nature.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, other receivables due from the Jinke Property Group mainly comprise of loans advanced to the Jinke Property Group of RMB1,080,000,000, RMB2,580,000,000, RMB2,237,000,000 and RMB1,495,000,000 respectively, including the loans as advanced back to the subsidiaries of Jinke Property as mentioned in the Note 28 of RMB1,080,000,000, RMB2,330,000,000, RMB1,830,000,000 and RMB1,495,000,000 respectively.

The interest and repayment terms of the loans as advanced back to the subsidiaries of Jinke Property have been disclosed in Note 28. The remaining loans to the Jinke Property Group bear interests at the fixed rate of 10% per annum and are repayable on demand. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the interest income on these remaining loans to the Jinke Property Group amounted to Nil, Nil, RMB26,799,000, RMB13,930,000 and RMB15,281,000 respectively which have been presented as “other income” in the consolidated statements of comprehensive income (Note 7).

Other payables due to related parties are unsecured and interest-free.

All the non-trade balances with related parties have been settled before August 31, 2020.

### 34 DISPOSAL OF SUBSIDIARIES

On 28 June 2020, the Company disposed the entire equity interests in Chongqing Ruibo Asset Management Consulting Co., Ltd. and Shanxi Jinxue Business Service Co., Ltd., subsidiaries of the Company, at considerations of RMB10,030,000 in aggregate (collectively the “Disposals”).

Details of the Disposals, the assets and liabilities associated with these subsidiaries being disposed of are summarised as follows:

|                                                                                | <i>RMB'000</i> |
|--------------------------------------------------------------------------------|----------------|
| <b>Considerations</b>                                                          | <u>10,030</u>  |
| <b>Carrying amounts of assets and liabilities of the disposed subsidiaries</b> |                |
| Property, plant and equipment                                                  | 10             |
| Trade and other receivables                                                    | 10,754         |
| Cash and cash equivalents                                                      | 2,001          |
| Trade and other payables                                                       | <u>(1,393)</u> |
| Total carrying amount of net assets of the disposed subsidiaries               | 11,372         |
| Less: non-controlling interests                                                | <u>(100)</u>   |
| Net assets disposed of the disposed subsidiaries                               | <u>11,272</u>  |
| <b>Net cash outflow arising from disposal of subsidiaries</b>                  |                |
| Cash consideration received                                                    | 10,030         |
| Less: Cash and cash equivalents disposed of                                    | <u>(2,001)</u> |
|                                                                                | <u>8,029</u>   |

The losses on the Disposals, representing the difference between the considerations and carrying amounts of net assets disposed of RMB1,242,000 has been recognized in the consolidated statements of comprehensive income within “Other gains/(losses)—net”.

**35 TRANSACTIONS WITH NON-CONTROLLING INTERESTS****(a) Acquisition of additional interest in a subsidiary**

On May 10, 2020, the Company entered into an equity interest transfer agreement with Zhengzhou Puyuan Property Services Co., Ltd. in respect of transfer of its 40% equity interests in Puyuan Jinyu to the Company at a nil consideration. On May 13, 2020, the equity interest transfer was completed. The effect of changes in the ownership interest of Puyuan Jinyu on the equity attributable to owners of the Company during the period is summarised as follows:

|                                                                                     | <i>RMB'000</i> |
|-------------------------------------------------------------------------------------|----------------|
| Consideration paid to non-controlling interests                                     | –              |
| Carrying amount of net asset attributable to the non-controlling interests acquired | 1,250          |
|                                                                                     | <hr/>          |
| Gain recognized within equity                                                       | 1,250          |
|                                                                                     | <hr/>          |

**(b) Changes in ownership interests in a subsidiary without change of control**

On May 25, 2020, the Company entered into an equity interest transfer agreement with Beijing Zhongxin Youyou International Travel Agency Co., Ltd. (“Beijing Zhongxin”) and Chongqing Guoxin International Travel Agency Co., Ltd. (“Chongqing Guoxin”) in respect of the transfer of the 20% and 17% equity interests in Kangcheng International to Beijing Zhongxin and Chongqing Guoxin at the considerations of RMB1,252,000 and RMB1,064,200 respectively. On June 28, 2020, the equity interests transfer was completed.

The effect of changes in the ownership interest of Kangcheng International on the equity attributable to owners of the Company during the period is summarised as follows:

|                                                                                     | <i>RMB'000</i> |
|-------------------------------------------------------------------------------------|----------------|
| Consideration receivables from non-controlling interests                            | 2,316          |
| Carrying amount of net asset attributable to the non-controlling interests disposed | (3,143)        |
|                                                                                     | <hr/>          |
| Loss recognized within equity                                                       | (827)          |
|                                                                                     | <hr/>          |

**36 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS****(a) Directors' and supervisors' emoluments**

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2017 as follows:

| Name                                           | Salaries       | Housing allowance and contributions to a retirement benefit scheme | Other allowance and benefits in kind | Total          |
|------------------------------------------------|----------------|--------------------------------------------------------------------|--------------------------------------|----------------|
|                                                | <i>RMB'000</i> | <i>RMB'000</i>                                                     | <i>RMB'000</i>                       | <i>RMB'000</i> |
| <b>Executive Directors</b>                     |                |                                                                    |                                      |                |
| Mr. Xia Shaofei ( <i>Note (iii) (viii)</i> )   | 1,667          | 30                                                                 | 11                                   | 1,708          |
| Mr. Luo Chuansong ( <i>Note (iii) (viii)</i> ) | 1,396          | 30                                                                 | 11                                   | 1,437          |
| <b>Supervisors</b>                             |                |                                                                    |                                      |                |
| Mr. Yu Yong ( <i>Note (vi)</i> )               | 783            | 18                                                                 | 7                                    | 808            |
| Ms. Ren Wenjuan ( <i>Note (vi)</i> )           | 314            | 25                                                                 | 10                                   | 349            |
|                                                | <hr/>          | <hr/>                                                              | <hr/>                                | <hr/>          |
|                                                | 4,160          | 103                                                                | 39                                   | 4,302          |
|                                                | <hr/>          | <hr/>                                                              | <hr/>                                | <hr/>          |

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2018 as follows:

| <b>Name</b>                                       | <b>Salaries</b> | <b>Housing allowance and contributions to a retirement benefit scheme</b> | <b>Other allowance and benefits in kind</b> | <b>Total</b>   |
|---------------------------------------------------|-----------------|---------------------------------------------------------------------------|---------------------------------------------|----------------|
|                                                   | <i>RMB'000</i>  | <i>RMB'000</i>                                                            | <i>RMB'000</i>                              | <i>RMB'000</i> |
| <b>Executive Directors</b>                        |                 |                                                                           |                                             |                |
| Mr. Xia Shaofei ( <i>Note (iii) (viii)</i> )      | 1,516           | 33                                                                        | 13                                          | 1,562          |
| Mr. Luo Chuansong<br>( <i>Note (iii) (viii)</i> ) | 1,242           | 33                                                                        | 13                                          | 1,288          |
| <b>Supervisors</b>                                |                 |                                                                           |                                             |                |
| Mr. Yu Yong ( <i>Note (vi)</i> )                  | 1,194           | 33                                                                        | 13                                          | 1,240          |
| Ms. Ren Wenjuan ( <i>Note (vi)</i> )              | 320             | 29                                                                        | 11                                          | 360            |
|                                                   | <u>4,272</u>    | <u>128</u>                                                                | <u>50</u>                                   | <u>4,450</u>   |

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2019 as follows:

| <b>Name</b>                                       | <b>Salaries</b> | <b>Housing allowance and contributions to a retirement benefit scheme</b> | <b>Other allowance and benefits in kind</b> | <b>Total</b>   |
|---------------------------------------------------|-----------------|---------------------------------------------------------------------------|---------------------------------------------|----------------|
|                                                   | <i>RMB'000</i>  | <i>RMB'000</i>                                                            | <i>RMB'000</i>                              | <i>RMB'000</i> |
| <b>Executive Directors</b>                        |                 |                                                                           |                                             |                |
| Mr. Xia Shaofei ( <i>Note (iii) (viii)</i> )      | 2,309           | 28                                                                        | 12                                          | 2,349          |
| Mr. Luo Chuansong<br>( <i>Note (iii) (viii)</i> ) | 1,575           | 28                                                                        | 12                                          | 1,615          |
| <b>Supervisors</b>                                |                 |                                                                           |                                             |                |
| Mr. Yu Yong ( <i>Note (vi)</i> )                  | 1,322           | 28                                                                        | 12                                          | 1,362          |
| Ms. Ren Wenjuan ( <i>Note (vi)</i> )              | 444             | 31                                                                        | 14                                          | 489            |
|                                                   | <u>5,650</u>    | <u>115</u>                                                                | <u>50</u>                                   | <u>5,815</u>   |



The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the six months ended June 30, 2019 as follows:

| Name                                     | Salaries               | Housing allowance and contributions to a retirement benefit scheme | Other allowance and benefits in kind | Total                  |
|------------------------------------------|------------------------|--------------------------------------------------------------------|--------------------------------------|------------------------|
|                                          | RMB'000<br>(Unaudited) | RMB'000<br>(Unaudited)                                             | RMB'000<br>(Unaudited)               | RMB'000<br>(Unaudited) |
| <b>Executive Directors</b>               |                        |                                                                    |                                      |                        |
| Mr. Xia Shaofei (Note (iii) (viii))      | 1,142                  | 14                                                                 | 6                                    | 1,162                  |
| Mr. Luo Chuansong<br>(Note (iii) (viii)) | 786                    | 14                                                                 | 6                                    | 806                    |
| <b>Supervisors</b>                       |                        |                                                                    |                                      |                        |
| Mr. Yuyong (Note (vi))                   | 661                    | 14                                                                 | 6                                    | 681                    |
| Ms. Ren Wenjuan (Note (vi))              | 224                    | 8                                                                  | 3                                    | 235                    |
|                                          | 2,813                  | 50                                                                 | 21                                   | 2,884                  |

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the six months ended June 30, 2020 as follows:

| Name                                     | Salaries | Housing allowance and contributions to a retirement benefit scheme | Other allowance and benefits in kind | Total   |
|------------------------------------------|----------|--------------------------------------------------------------------|--------------------------------------|---------|
|                                          | RMB'000  | RMB'000                                                            | RMB'000                              | RMB'000 |
| <b>Executive Directors</b>               |          |                                                                    |                                      |         |
| Mr. Xia Shaofei (Note (iii) (viii))      | 2,478    | 28                                                                 | 12                                   | 2,518   |
| Mr. Luo Chuansong<br>(Note (iii) (viii)) | 1,634    | 28                                                                 | 12                                   | 1,674   |
| Mr. Xu Guofu (Note (iv) (viii))          | 143      | 5                                                                  | 2                                    | 150     |
| <b>Supervisors</b>                       |          |                                                                    |                                      |         |
| Mr. Yuyong (Note (vi))                   | 1,373    | 28                                                                 | 12                                   | 1,413   |
| Ms. Ren Wenjuan (Note (vi))              | 236      | 16                                                                 | 7                                    | 259     |
|                                          | 5,864    | 105                                                                | 45                                   | 6,014   |

- (i) The supervisor, Mr. Hanchong received emoluments from the related parties of the Group during the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020.
- (ii) The independent non-executive Directors Mr. Luo Licheng, Mr. Liang Zhongtai and Mr. Linnan did not receive any emoluments from the Group during the years ended 31 December 2017, 2018 and 2019 and the six months ended June 30, 2020.
- (iii) Mr. Xia Shaofei and Mr. Luo Chuansong were appointed as executive directors of the Company in August, 2014.
- (iv) The executive director, Mr. Xu Guofu was appointed as a director of the Company on May 25, 2020.

- (v) The non-executive directors, Mr. Luo Licheng, Mr. Liang Zhongtai and Mr. Linnan were appointed as directors of the Company on May 25, 2020. During the Track Record Period, the non-executive directors received nil directors' remuneration in the capacity of non-executive directors.
- (vi) The supervisors, Mr. Yu Yong, Mr. Hanchong and Ms. Ren Wenjuan were appointed as supervisors of Jinke Property Services on May 25, 2020.
- (vii) The independent non-executive directors, Mr. Cao Guohua, Mr. Chan Chi Fung, Ms. Yuan Lin were appointed as directors of Jinke Property Services on October 27, 2020. During the Track Record Period, the independent non-executive directors have not yet been appointed and received nil directors' remuneration in the capacity of independent non-executive directors.
- (viii) Mr. Xia Shaofei, Mr. Luo Chuansong, Mr. Xu Guofu, Mr. Luo Licheng and Mr. Liang Zhongtai were granted share award from Jinke Property in relation to their service rendered for Jinke Property Group. The emoluments were not allocated to the Group as the management considers there is no reasonable basis of allocation.

**(b) Directors' retirement benefits and termination benefits**

There were no retirement benefits was paid to or receivable by directors during the Track Record Period by defined benefit pension plans operated by the Group and there were no director's termination benefits subsisted during the Track Record Period.

**(c) Consideration provided to third parties for making available directors' services**

There was no consideration provided to third parties for making available directors' services subsisted during the Track Record Period.

**(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted during the Track Record Period.

**(e) Directors' material interests in transactions, arrangements or contracts**

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

**37 EVENT AFTER THE BALANCE SHEET DATE**

Save as disclosed in this report, subsequent to June 30, 2020, the following subsequent event took place:

- (a) On August 14, 2020, the Group has fully repaid the principal and interest under the ABS and ABN arrangement as mentioned in Note 28. The pledge of the Group's future rights of receiving management fees for certain properties was released upon the full settlement of the related principal and interest amounts.
- (b) Given the dynamic nature of COVID-19 outbreak, the Group will pay close attention to the COVID-19 development continuously and evaluate its impact on the financial position and operating results of the Group. As of the date on this report, the Group was not aware of any material adverse effects on the Group's financial position and performance as a result of the COVID-19 outbreak.

Save as disclosed above and elsewhere in this report, there are no other material subsequent event undertaken by the Company or by the Group after June 30, 2020.

**III SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2020 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2020.

*The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.*

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of June 30, 2020 as if the Global Offering had taken place on June 30, 2020.

The unaudited pro forma adjusted consolidated 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 consolidated net tangible assets of the Group as of June 30, 2020 or at any future dates following the Global Offering.

|                   | Audited consolidated<br>net tangible assets<br>attributable to owners<br>of the Company as of<br>June 30, 2020 <sup>(1)</sup> | Estimated net<br>proceeds from the<br>Global Offering <sup>(2)</sup> | Unaudited pro<br>forma adjusted<br>consolidated net<br>tangible assets<br>attributable to<br>owners of the<br>Company as of<br>June 30, 2020 | Unaudited pro forma<br>adjusted consolidated<br>net tangible assets<br>per Share <sup>(3)(4)</sup> |       |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------|
|                   | RMB'000                                                                                                                       | RMB'000                                                              | RMB'000                                                                                                                                      | RMB                                                                                                | HK\$' |
| Based on an Offer |                                                                                                                               |                                                                      |                                                                                                                                              |                                                                                                    |       |
| Price of HK\$41.8 |                                                                                                                               |                                                                      |                                                                                                                                              |                                                                                                    |       |
| per H Share       | 1,248,465                                                                                                                     | 4,617,057                                                            | 5,865,522                                                                                                                                    | 9.27                                                                                               | 10.76 |
| Based on an Offer |                                                                                                                               |                                                                      |                                                                                                                                              |                                                                                                    |       |
| Price of HK\$47.6 |                                                                                                                               |                                                                      |                                                                                                                                              |                                                                                                    |       |
| per H Share       | 1,248,465                                                                                                                     | 5,263,444                                                            | 6,511,909                                                                                                                                    | 10.29                                                                                              | 11.95 |

**Notes:**

- (1) The audited consolidated net tangible assets attributable to owners of the Company as of June 30, 2020 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated equity attributable to owners of the Company as of June 30, 2020 of approximately RMB1,254,931,000, with an adjustment for the intangible assets attributable to the owners of the Company as of June 30, 2020 of approximately RMB6,466,000.

- (2) The estimated net proceeds from the Global Offering are based on 132,911,400 H Shares and the indicative Offer Price of HK\$41.8 and HK\$47.6 per H Share after deduction of the estimated underwriting fees and other related expenses payable by us, and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 632,911,400 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB1 to HK\$1.1615. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2020.

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

**To the Directors of Jinke Smart Services Group Co., Ltd.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jinke Smart Services Group Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at June 30, 2020, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated November 5, 2020, in connection with the proposed initial public offering of the shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2020 as if the proposed initial public offering had taken place at June 30, 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended June 30, 2020, on which an accountant's report has been published.

### **Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*, ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors

in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, November 5, 2020



**PRC LAWS AND REGULATIONS RELATING TO TAXES****(i) Income Tax**

Pursuant to the EIT Law (《中華人民共和國企業所得稅法》), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018, and the Implementation Regulations of EIT Law (《企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, the income tax rate of 25% applies to all companies in the PRC.

These enterprises are classified as either resident enterprises or non-resident enterprises. An enterprise that is established in China in accordance with PRC laws, or that is established in accordance with the law of a foreign country (region) but whose “de facto management bodies” is inside China is resident enterprise, which is subject to enterprise income tax at the rate of 25% on their global income. The Implementation Regulations of EIT Law defines the term “de facto management bodies” as “bodies that conduct substantial and all-round management and control with respect to the production, operations, personnel, finance, property, etc. of the enterprise.”

An enterprise that is established according to the law of a foreign country (region) and whose “de facto management bodies” are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China is non-resident enterprise. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

**(ii) Income Tax relating to Dividend Distribution**

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) and relevant protocols, which was promulgated by State Administration of Taxation on 21 August 2006 and came into effect on 8 December 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81) which was promulgated and became effective on 20 February 2009, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) the fiscal

resident of the other contracting party shall be limited to a company; (ii) both the proportion of all ownership interest and the proportion of all voting shares in the Chinese resident company of the fiscal resident of the other contracting party shall meet the prescribed proportions; and (iii) the proportion of capital of the Chinese resident company directly owned by the fiscal resident of the other contracting party shall meet the proportion prescribed in the tax agreement at any time during 12 consecutive months before dividends are obtained.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the State Administration of Taxation on October 14, 2019 and will become effective on 1 January 2020, non-resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. A non-resident taxpayer may enjoy the preferential tax treatment at the time of tax return filings or withholding declaration through a withholding agent if it determines that it is eligible for the preferential tax treatment keeps and documents relevant information for future inspection in accordance with the regulations under the treaties, subject to the relevant follow-up administration by the tax authority.

### **(iii) Value-added Tax**

Pursuant to the 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 13 December 1993, came into effect on 1 January 1994, and was amended on 10 November 2008, 6 February 2016, 19 November 2017, organisations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax. The tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and came into force as at 1 May 2018, the VAT rates shall be adjusted, including for VAT taxable sales originally subject to 17% and 11% shall be adjusted to 16% and 10%, respectively.

Pursuant to the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), which was promulgated by the MOF, the State Taxation Administration and the General Administration of Customs on 20 March 2019, and came into force as at 1 April 2019, the VAT rates were further adjusted, including for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rates shall be adjusted to 13% or 9% respectively. Furthermore, from 1 April 2019 to 31 December 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input VAT in the current period from the tax amount payable.

**(iv) Stamp Duty**

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》), which was issued by the State Council on 6 August 1988, came into effect on 1 October 1988, and was amended on 8 January 2011 and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》), which was promulgated by the MOF on 29 September 1988 and came into effect on 1 October 1988, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws.

**LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL IN THE PRC**

Pursuant to the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council of on 29 January 1996 and came into effect since 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, PRC imposes no restrictions on regular international payments and transfers, such as trade and service-related foreign exchange transactions and dividend payments, but it shall be based on true and legitimate transactions and financial institutions engaging in conversion and sale of foreign currencies shall carry out reasonable examination, and the foreign exchange control authorities shall have the right to carry out supervision and inspection.

For capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans, shall be conducted upon the prior approval by or registration/filing with the administration of foreign exchange unless otherwise stipulated.

Pursuant to the Circular on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)), which was promulgated and implemented by the State Administration of Foreign Exchange on 26 December 2014, a company limited by shares registered in the PRC shall, within 15 working days after the completion of the overseas listing, register overseas listing with the Foreign Exchange Bureau at the place of its incorporation. After overseas listing, a domestic shareholder intending to increase or reduce his shares of overseas listed companies shall register his shareholding with the local Foreign Exchange Bureau at the place where he resides within 20 working days before the increase and reduction of shares with related materials in accordance with relevant regulations. The proceeds raised from overseas listing can be repatriated to the PRC or deposited overseas, and the usage of such proceeds shall be consistent with the relevant contents set out in the prospectus and other public disclosure documents.

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

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》, “Circular 28”), which was promulgated by the State Administration of Foreign Exchange on 23 October 2019, non-investment foreign-invested enterprises are permitted to use their capital funds to make equity investments in the PRC, provided that such investments do not violate the Special Administrative Measures for the Access of Foreign Investment (Negative List) (外商投資准入特別管理措施(負面清單)) and the target investment projects in the PRC are genuine and in compliance with laws.

**PRC LEGAL SYSTEM**

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “Constitution”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “Legislation Law”), the National People’s Congress (the “NPC”) and the Standing Committee of the NPC (“SCNPC”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people’s congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

**PRC JUDICIAL SYSTEM**

Under the Constitution and the PRC Law on the Organisation of the People's Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organised into divisions similar to those of the primary people's courts, and are entitled to organise other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgement or order of a local people's court to the people's court at the next higher level. Second judgements or orders given at the next higher level are final. First judgements or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgement or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgement which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law") sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.



A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same.

There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, enforce the judgement in accordance with the law.

A party seeking to enforce a judgement or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgement or ruling.

A foreign judgement or ruling may also be recognised and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

#### **THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS**

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following three laws and regulations in the PRC

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and respectively and the latest revision of which was implemented on October 26, 2018;
- The Special Regulations of the State Council on Share Offering and Listing Overseas by Joint-Stock Limited Liability Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "Special Regulations") which were promulgated by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the PRC Company Law in force at that time, and were applicable, to the overseas share offering and listing of joint stock limited companies; and



- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the “Mandatory Provisions”) which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in “Appendix V—Summary of The Articles of Association” to this prospectus.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

### **General**

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A state-owned enterprise (“SOE”) that is reorganised into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company’s assets and liabilities and the establishment of internal management organisations.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

### **Incorporation**

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC government may be restructured into joint stock limited companies which may issue shares to overseas investors and list its stocks abroad in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business licence has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this document to ensure that this document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

### **Share Capital**

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency. Under Mandatory Provisions, shares issued by the company in RMB to domestic investors shall be called domestic shares. Shares issued by the company in foreign currency to foreign investors shall be called foreign shares. Foreign shares which are listed overseas shall be called overseas listed and foreign invested shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the China Securities Regulatory Commission (the “CSRC”). Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed and foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company’s incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date.

There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders’ meeting or within five days before the record date set for the purpose of distribution of dividends.

**Allotment and Issue of Shares**

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as “overseas listed and foreign invested shares.” Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign invested shares, are known as “domestic shares.” Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance programme may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

**Registered Shares**

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

**Increase of Share Capital**

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders.

When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

**Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

**Repurchase of Shares**

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within 10 days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to Item (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

### **Transfer of Shares**

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

### **Shareholders**

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

### **Shareholders' General Meetings**

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;

- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-up share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.



Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Under the PRC Company Law, where the company convenes a shareholders' general meeting, shareholders who individually or aggregately hold 3% or more of the Company's shares may submit an interim proposal in writing to the board of directors 10 days before the date of the shareholders' general meeting. The board of directors shall notice other shareholders within 2 days after receiving the interim proposal. The content of the interim proposal shall fall within the scope of shareholders' general meeting and shall have specific topic and involve matters to be decided.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

### **Board**

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;

- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

**Board Meetings**

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorisation to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

**Chairman of the Board**

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

**Qualification of Directors**

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offence of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business licence revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

**Board of Supervisors**

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one-third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the

board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

**Manager and Senior Management**

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

**Duties of Directors, Supervisors and Senior Management**

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;

- loaning company funds to others or providing guarantees in favour of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorised divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

### **Finance and Accounting**

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

#### **Appointment and Retirement of Accounting Firms**

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.



**Distribution of Profits**

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

**Amendments to Articles of Association**

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company's approval department authorised by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

**Dissolution and Liquidation**

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business licence is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

### **Overseas Listing**

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

### **Loss of Share Certificates**

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

### **Termination of Listing**

The PRC Company Law has deleted provisions governing termination of listing. The PRC Securities Law stipulates that the trading of shares of a company on a stock exchange may be terminated if so decided by the stock exchange.

### **Merger and Demerger**

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

**SECURITIES LAW AND REGULATIONS**

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the draughting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the draughting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and revised on August 28, 2004, October 27, 2005, June 29, 2013, August 21, 2014 and December 28, 2019 respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that any domestic enterprise that seeks to issue securities overseas either directly or indirectly or to list its stocks in overseas markets shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

**The “Full Liquidity”**

According to the CSRC Pilot Programme for the Deepening Reforms on Overseas Listing Systems and the “Full Liquidity” of H Shares (《中國證監會深化境外上市制度改革開展H股“全流通”試點》) issued by the CSRC on December 29, 2017 and the Reply to the Press by the CSRC Spokesperson, Chang Depeng regarding the implementation of the “Full Liquidity” Pilot Programme of H Shares (《中國證監會新聞發言人常德鵬就開展H股“全流通”試點相關事宜答記者問》) issued by the CSRC on December 29, 2017 and approved by the State Council, the CSRC carried out the “Full Liquidity” Pilot Programme of H-share Listed Companies, which required enterprises involved in the pilot programme to perform some procedures and meet the following four basic conditions:

- (1) fulfilled the relevant legal provisions and policy requirements of foreign investment access, state-owned assets management, state security and industrial policy.
- (2) their respective industries are in line with the development concept of innovative, coordinated, green, open and sharing, the development direction of the industrial policy of the state, as well as the national strategy of serving the real economy and supporting the “One Belt, One Road” construction, they also have to be high-quality enterprises.
- (3) the equity structures of existing shares are relatively simple and their respective market value will be not less than HK\$1 billion.
- (4) the corporate governance is standard, the internal decision-making procedures are in compliance with the laws, which can practicably and adequately protect shareholders’ rights of knowledge, participation and voting.

On November 14, 2019, CSRC issued the Guidance of Applying “Full Liquidity” for Domestic Unlisted Shares of H Shares Company (《H股公司境內未上市股份申請「全流通」業務指引》), and the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the “Full Liquidity” Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》) issued by the CSRC on November 15, 2019, H Shares company can apply for “full liquidity” alone or together with refinance application. Unlisted corporation can apply for “full liquidity” together with IPO application. Once been approved by CSRC, shareholders of domestic unlisted shares shall change shares registration according to relevant rules of China Securities Depository and Clearing Corporation Limited, as well as relevant rules of shares registration and shares listing of HK market, and shall disclose information lawfully.

**ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS**

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “Arbitration Law”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer’s affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer’s register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) (“CIETAC”) in accordance with its rules or the Hong Kong International Arbitration Centre (“HKIAC”) in accordance with its Securities Arbitration Rules (the “Securities Arbitration Rules”). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centres have been set up in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People’s Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People’s Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

#### **Judicial judgement and its enforcement**

According to the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People’s Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgement, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People’s Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. “Choice of court agreement in written” refers to a written agreement defining the exclusive jurisdiction of either the People’s Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognise and enforce the final judgement made in China or Hong Kong that meet certain conditions of the aforementioned regulations.



**SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW**

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

**Incorporation of Corporate**

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on October 26, 2018, has no provisions on minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

**Share Capital**

The Hong Kong company law does not provide for authorized share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company.



The PRC Company Law provides that any increase in our Company's registered capital must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under Hong Kong Law.

#### **Restrictions on Shareholding and Transfer of Shares**

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Stock Exchange.

#### **Financial Assistance for Acquisition of Shares**

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Companies Ordinance.

#### **Variation of Class Rights**

The PRC Company Law has no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate

provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. The relevant provisions have been incorporated in the Articles of Association, summary of which is set out in “Appendix V—Summary of the Articles of Association” to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting sanctioning the variation, (ii) with the written consent of shareholders representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

As required by the Listing Rules and the Mandatory Provisions, our company has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) where the Company issues domestic shares and overseas-listed foreign shares, upon approval by a special resolution of the general meeting, either separately or concurrently once every 12 months, and the quantity of domestic investment shares and overseas listed foreign investment shares intended to be issued does not exceed 20 percent of the outstanding shares of the respective classes; (ii) where the Company’s plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council; (iii) where, as approved by the State Council or its authorized regulatory authorities, the transfer of domestic shares of the Company to foreign shares and the listing and trading of such shares on an overseas stock exchange.

#### **Directors, Senior Management and Supervisors**

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of directors’ interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors’ liability and prohibitions against compensation for loss of office without shareholders’ approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

#### **Supervisory Board**

Under the PRC Company Law, a joint stock limited company’s directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Derivative Action by Minority Shareholders**

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provides further remedies against the directors, supervisors and senior management who breach their duties to the company.

**Protection of Minorities**

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than ten percent of the voting rights of all shareholders may apply to a people's court for the dissolution of the company.

The Mandatory Provisions, however, except as required by laws and regulations or the Listing Rules provides that a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

### **Notice of Shareholders' General Meetings**

Under the PRC Company Law, notice of a shareholders' annual general meeting and an interim general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company.

### **Quorum for Shareholders' General Meetings**

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member.

The PRC Company Law does not specify the quorum for a shareholders' general meeting.

### **Voting**

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

### **Financial Disclosure**

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report.

The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting.

**Information on Directors and Shareholders**

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

The Mandatory Provisions and regulations requires that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or accounting standards of the overseas listing place, and such financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits stated in the abovementioned two kinds of financial statements shall prevail in the allocation of after-tax profits for the accounting year. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

**Information on Directors and Shareholders**

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the supervisory board and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

**Receiving Agent**

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

**Corporate Reorganization**

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

**Dispute Arbitration**

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission, at the claimant's choice.

**Mandatory Deductions**

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

**Remedies of the Company**

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing

Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

**Dividends**

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years.

**Fiduciary Duties**

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with the interests of the company.

**Closure of Register of Shareholders**

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

**Amendment to Articles of Association**

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Listing Rules.

This Appendix contains the summary of the principal provisions of the Articles of Association adopted by our Company on 10 June 2020. The Articles of Association of the Company shall take effect on the date of the H Shares being listed on the Stock Exchange. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important.

## **1.    SHARES AND REGISTERED CAPITAL**

All the shares issued by the Company are ordinary shares. The Company may create other classes of shares according to its needs, upon approval by the authorities that are authorised by the State Council. The shares of the Company shall take the form of share certificates.

All the shares issued by the Company shall have a par value, which shall be RMB1 for each share.

The shares of the Company shall be issued in accordance with the principles of openness, equitability and fairness. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it/he/she subscribes for.

## **2.    INCREASE AND REDUCTION OF CAPITAL AND BUYBACK OF SHARES**

### **(1)   Capital Increase**

Based on its business and development, the Company may increase its capital in accordance with the laws and subject to relevant requirements of these Articles of Association, by any of the following methods:

- (I)   public offering of shares;
- (II)   private placement of shares;
- (III) allotment of new shares to existing shareholders;
- (IV) allotment of bonus shares to existing shareholders;
- (V)   conversion of capital reserve to share capital; or
- (VI) other methods permitted by laws and administrative regulations and approved by relevant competent authorities.

If the Company is to increase its capital by an offering of new shares, it shall do so by the procedure provided for in relevant state laws after such increase has been approved in accordance with these Articles of Association.



**(2) Reduction of Capital**

The Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and these Articles of Association.

If the Company is to reduce its registered capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors to reduce its registered capital and publish a public announcement in accordance with the Company Law, and pay its debts or provide a corresponding security for repayment as required by the creditors.

**(3) Repurchase of Shares**

The Company shall not acquire its shares. However, the Company may, in the following circumstances, buy back its own outstanding shares by the procedures provided for in laws and these Articles of Association, after the approval by the approval authority authorised by the State Council:

- (I) to reduce the capital of the Company;
- (II) to merge with other companies that hold shares in the Company;
- (III) to use the shares for employee shareholding schemes or as share incentives;
- (IV) to acquire the shares of shareholders (upon their request) who vote against to any resolution adopted at any general meetings on the merger or division of the Company;
- (V) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the listed company;
- (VI) to safeguard corporate value and shareholders' equity as the listed company deems necessary; or
- (VII) other methods permitted by laws and administrative regulations and approved by relevant competent authorities.

Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its outstanding shares:

- (I) if the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit of the Company and/or from the proceeds of the new shares offer made to repurchase the old shares;
- (II) if the Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit of the Company and/or from the proceeds of the new shares offer made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (i) if the shares being bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit of the Company;
  - (ii) if the shares being bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit of the Company and/or the proceeds of the new share offer made to repurchase the old shares, provided that the amount paid out of the proceeds of the new share offer shall not exceed the aggregate of the premiums received on the issue of the old shares repurchased nor shall it exceed the amount in the Company's premium account (or capital reserve account) (including the premiums from the new share offer) at the time of the buyback;
- (III) the Company shall make payments for the following applications out of the Company's distributable profits:
  - (i) acquisition of the right to buy back its own shares;
  - (ii) modification of any contract for the buy back of its shares;
  - (iii) release from any of its obligations under a buyback contract.
- (IV) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with relevant regulations, the amount deducted from the distributable profit for payment of the par value of the repurchased shares shall be credited to the Company's premium account (or capital reserve account).

Applicable laws, regulations and the provisions of the Listing Rules of the Stock Exchange on financial processing about repurchasing of shares, shall prevail.

**3. FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES**

Neither the Company nor its wholly-owned or controlled companies or companies within the scope of the its consolidated financial statements (“subsidiaries”) shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assumes obligations as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

The term “financial assistance” shall include but not be limited to financial assistance in the forms set forth below:

- (I) gift;
- (II) security (including the assumption of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (not including, however, indemnity arising from the Company’s own fault), release or waiver of any rights;
- (III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the fulfilment of obligations of the other party to the contract, or a change in the parties to, or the assignment of rights under, such loan or contract; and
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

The “assumption of obligations” means the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor’s financial position.

The following acts shall not be deemed to be prohibited:

- (I) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company and the principal purpose of which is not for the acquisition of shares in the Company, or where the provision of financial assistance is an incidental part of certain overall plan of the Company;
- (II) the lawful distribution of the Company’s properties by way of dividends;

- (III) the allotment of bonus shares as dividends;
- (IV) a reduction of registered capital, buyback of shares or adjustment of the share capital structure effected in accordance with these Articles of Association;
- (V) the provision by the Company of a loan within its scope of operation and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit);
- (VI) the monetary contribution by the Company to the employee share option schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit).

#### **4. SHARE CERTIFICATES AND REGISTER OF MEMBERS**

##### **(1) Share Certificates**

The share certificates of the Company shall be in registered form.

The share certificates of the Company shall contain items provided in the Company Law and other items required to be specified by the Stock Exchange.

The share certificates shall be signed by a legal representative of the Company. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by such senior management. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the Company's seal with the authorisation of the Board. The signatures of the chairman of the Board or other relevant senior management on the share certificates may also be in printed form.

If the Company's shares are issued and traded in paperless form, the regulations of the securities regulator of the place where the shares of the Company are listed shall apply.

##### **(2) Register of Members**

The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

- (I) the name, address (place of domicile), occupation or nature of business of each shareholder;
- (II) the class and number of shares held by each shareholder;

- (III) the amount paid-up or payable in respect of shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which each shareholder was registered as a shareholder;
- (VI) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in the Company.

The Company may, in accordance with the mutual understanding and agreements made between the CSRC and overseas securities regulatory authorities, keep its register of holders of overseas-listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times. If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign shares, the original version shall prevail.

The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (I) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (II) and (III) of this Article);
- (II) the register of members in respect of the holders of overseas-listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (III) the register of members which is maintained in such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

Applicable laws, regulations and the provisions of the Listing Rules of the Stock Exchange on the period of suspension of share registration and transfers before the convening of the shareholders' meeting or the benchmark date, on which the company decides to distribute dividends, shall prevail.

When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholdings, the Board shall determine a specific date as equity determination date, registered shareholders at the end of which shall be the shareholders entitled to the relevant rights and interests.

Any person who challenges the register of members and requests to have his/her name included in or removed from the register of members may apply to the court having jurisdiction in the place of incorporation of the Company for rectification of the register of members.

Any shareholder who is registered in, or any person who requests to have his name (title) entered into, the register of members may apply to the Company for issuance of a replacement share certificate in respect of such shares (the "relevant shares") if his/her share certificate (the "original share certificate") is lost.

The Company shall not have any obligation to indemnify any person for any damage suffered thereby arising out of the cancellation of the original share certificate or the issuance of a replacement share certificate, unless such person concerned can prove fraud on the part of the Company.

## **5.    RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is recorded in the register of members.

A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Where the shareholder of the Company is a legal person, its legal representative or a person authorised by the resolution of the board of directors or other decision-making authorities shall exercise its rights on its behalf.

Holders of the ordinary shares of the Company shall enjoy the following rights in accordance with applicable laws and these Articles of Association:

- (I)    the right to dividends and other profit distributions in proportion to the number of shares held;
- (II)   the right to propose, convene and preside over, to attend or appoint proxies to attend general meetings and to exercise the corresponding voting right;

- (III) the right to supervise, present proposals or raise enquiries about the Company's business operations;
- (IV) the right to transfer, give as a gift or pledge the shares in their possession in accordance with laws, administrative regulations, the Listing Rules of the Stock Exchange and the Articles of Association;
- (V) the right to obtain relevant information in accordance with the Articles of Association, including:
  - 1. The right to obtain a copy of the Articles of Association, subject to payment of a reasonable fee;
  - 2. The right to inspect and copy, subject to a payment of a reasonable fee:
    - (1) All parts of the register of members;
    - (2) Personal particulars of each of the Company's directors, supervisors, general manager, and other senior management, including:
      - (a) present and former name or alias;
      - (b) principal address (place of domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and positions;
      - (e) identity document and its number.
    - (3) the state of the Company's share capital and special resolution of the shareholders;
    - (4) reports showing the aggregate par value, quantity, the maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount paid by the Company for this purpose;
    - (5) counterfoils of corporate bonds, minutes of general meetings, resolutions of the board meetings, resolutions of the Supervisory Committee meetings and financial and accounting reports;
    - (6) copy of the latest annual return filed with the company registration authorities of the PRC or other competent authorities (if applicable).

The Company shall make the foregoing documents available for inspection by shareholders at its domicile and at its place of business in Hong Kong.

- (I) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (II) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (III) such other rights conferred by laws, administrative regulations and the Articles of Association.

Shareholders of common shares of the Company shall have the following obligations:

- (I) to abide by the Articles of Association;
- (II) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (III) to assume other obligations required by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

## **6. RESTRICTION ON RIGHTS OF THE CONTROLLING SHAREHOLDERS**

In addition to obligations imposed by laws or required by the Listing Rules of the Stock Exchange, a controlling shareholder of the Company exercises his/her right as a shareholder, he/she shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (I) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person), in any way, of the Company's properties, including but not limited to any opportunities beneficial to the Company;
- (III) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a corporate restructuring tabled at a general meeting for approval in accordance with the Articles of Association.



**7. GENERAL MEETING****(1) General Rules for Convening a General Meeting**

The general meeting is the organ of the highest authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (I) to decide on the operating policies and investment plans of the Company;
- (II) to elect and replace directors and to decide on matters relating to their remuneration;
- (III) to elect and replace supervisors who are not representatives of the employees and to decide on matters relating to their remuneration;
- (IV) to consider and approve reports of the Board;
- (V) to consider and approve reports of the Supervisory Committee;
- (VI) to consider and approve the annual financial budgets and final accounts of the Company;
- (VII) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (VIII) to make resolutions on increasing or reducing the registered capital of the Company;
- (IX) to make resolutions on the issuance of corporate bonds;
- (X) to make resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (XI) to make resolutions on the engagement, dismissal or non-renewal of the engagement of accounting firms by the Company;
- (XII) to amend the Articles of Association;
- (XIII) to consider matters raised by a shareholder alone or shareholders together holding more than three (3) percent of the shares of the Company;
- (XIV) to consider other matters that required to be resolved by the general meeting as prescribed by the law, administrative regulations, departmental rules and these Articles of Association.

The Company shall not conclude any contract with any person other than a director, a supervisor, a general manager or other senior management whereby such person is put in charge of the management of the whole or a substantial part of the Company's business without the approval of the general meeting.

General meetings include annual general meetings and extraordinary general meetings. In general, general meetings shall be convened by the Board. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (I) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;;
- (II) the losses of the Company that have not been made up reach one-third of its total paid in share capital;
- (III) such is requested in writing by a shareholder alone or shareholders together holding over ten per cent of the Company's outstanding voting shares (the number of shares held by such shareholder(s) shall be calculated based on the number of shares held at the close of trading on the date when such shareholder(s) request in writing, or if the written request is made on a non-trading day, the number of shares held at the close of trading on the preceding trading day;
- (IV) the Board considers it necessary;
- (V) the Supervisory Committee proposes that such a meeting shall be held;
- (VI) other circumstances as specified by laws, regulations and the provisions of the Listing Rules of the Stock Exchange and these Articles of Association.

A shareholder alone or shareholders together holding over ten percent of the Company's shares shall have the right to make a request to the Board in writing to convene an extraordinary general meeting. If the Board does not agree to convene an extraordinary general meeting, or fails to give a response within 10 days after the receipt of the request, the shareholder alone or shareholders together holding over ten percent of the Company's shares shall have the right to propose to the Supervisory Committee in writing to convene an extraordinary general meeting. If the Supervisory Committee fails to issue a notice calling the general meeting by the prescribed deadline, a shareholder who alone or shareholders who together holding at least ten percent of the shares of the Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

**(2) Proposals of General Meetings**

A shareholder alone or shareholders together holding more than three (3) percent of the shares of the Company may submit extempore motions in writing to the convenor ten (10) days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting and make a public announcement of the contents of such extempore motion within two(2) days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such an extempore motion shall fall within the authority of general meetings, with definite topics to discuss and specific matters to resolve.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

**(3) Notices of General Meetings**

Where a general meeting is convened by the Company, it shall issue a written notice twenty (20) business days prior to the convening of the annual general meeting or fifteen (15) days prior to the convening of the extraordinary general meeting to notify shareholders. The notice shall include date, time and venue of the meeting and matters to be considered at the meeting and a statement indicating that shareholders is entitled to appoint proxies to attend and vote at such meeting on his/her behalf in writing. When calculating the starting date, the date of the meeting shall be excluded.

Notice of general meeting shall be served to any shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his registered address as shown in the register of members, or by public announcement. For holders of domestic shares, the notice of a general meeting may also be given by public announcement.

**(4) Convening of General Meetings**

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one (1) or more persons (who may not be a shareholder) as his/her proxies to attend and vote on his/her behalf. Such proxies may exercise the following rights as entrusted by the shareholder:

- (I) the shareholder's right to speak at the general meeting;
- (II) the right to demand by himself or jointly with others, to vote by way of poll;
- (III) the right to vote by show of hands or on a poll, except that if a shareholder has appointed more than one (1) proxy, such proxies may only exercise their voting rights on a poll.

Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorised agent(s).

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting at least 24 hours before the convening of the relevant meeting at which the proxy is authorised to vote or 24 hours before the specified time of the vote.

If a general meeting is convened by the board of directors, the chairman of the board of directors shall serve as host and preside over the meeting. If the chairman of the board of directors fails or is unable to perform his or her duties, the meeting shall be presided by the vice chairman of the board of directors, if the vice chairman of the board of directors fails or is unable to perform his or her duties, the meeting shall be presided over by the director jointly elected by at least one half of the directors.

At a general meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee shall preside. If the chairman of the Supervisory Committee fails or is unable to perform his or her duties, the meeting shall be presided over by the supervisor jointly elected by at least one half of the supervisors.

If a general meeting is convened by a shareholder himself/herself or shareholders themselves, the meeting shall be presided over by the representative selected by the convenor(s).

#### **(5) Voting and Resolutions of General Meeting**

Resolutions of the general meeting include ordinary resolutions and special resolutions. Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least half of the voting rights. Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Voting at the general meeting shall be conducted by poll with registration. When a poll is taken at a meeting, a shareholder (including his proxy) who has the right to two (2) or more votes need not cast all his votes in the same way. When the number of votes for and against a resolution is equal, whether the vote is taken by a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

- (I) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company;
- (II) the issuance of corporate bonds;
- (III) the division, merger, dissolution and liquidation or change in the corporate form of the Company;
- (IV) the amendment to these Articles of Association;
- (V) other matters which the laws, administrative regulations or these Articles of Association require to be adopted by special resolutions and which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

**(6) Procedures for Voting by Class Shareholders**

Shareholders that hold different classes of shares shall be class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws and these Articles of Association.

Apart from holders of other classes of shares, holders of Domestic Shares and overseas listed foreign shares are deemed to be shareholders of different classes. The Company shall not proceed to change or abrogate the rights of class shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class shareholders so affected in accordance with the Articles of Association.

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (I) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (III) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

- (IV) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;
- (V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (VI) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (VII) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (IX) an issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (X) an increase in the rights and privileges of shares of another class;
- (XI) restructuring of the Company which causes shareholders of different classes to bear liability to different extents during the restructuring;
- (XII) any amendment or abrogation of the provisions of this section.

Shareholders of the affected class, whether or not having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in above paragraphs (II) to (VIII) and (XI) to (XII), except that interested shareholders shall not have the right to vote at class meetings.

The term “interested shareholders” in the preceding paragraph shall have the following meanings:

- (I) if the Company has made a buyback offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 37 of these Articles of Association, the controlling shareholders as defined in Article 237 of these Articles of Association shall be “interested shareholders”;
- (II) if the Company has bought back its own shares by an agreement outside of a stock exchange in accordance with Article 37 and Article 34 of these Articles of Association, holders of shares in relation to such agreement shall be “interested shareholders”;

- (III) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be “interested shareholders”.

Resolutions of a class meeting may be passed only by shareholders present at the class meeting representing more than two-thirds of the voting rights in accordance with relevant provisions in the Articles of Associations.

When Convening a class meeting, the Company shall send it shall issue a written notice within the time requirement of the non-class meeting, if the regulations where the Company is listed regulates otherwise, shall prevail.

The procedure according to which class shareholders’ meetings are held shall, to the extent possible, be identical to the procedure according to which general meetings are held. Provisions of these Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders’ meetings.

The special procedure for voting by class shareholders shall not apply under the following circumstances:

- (I) where the Company issues domestic shares and overseas-listed foreign shares, upon approval by a special resolution of the general meeting, either separately or concurrently once every 12 months, and the quantity of domestic investment shares and overseas listed foreign investment shares intended to be issued does not exceed 20 percent of the outstanding shares of the respective classes;
- (II) where the Company’s plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council;
- (III) where, as approved by the State Council or its authorised regulatory authorities, the transfer of domestic shares of the Company to foreign shares and the listing and trading of such shares on an overseas stock exchange.

## **8. DIRECTORS AND BOARD OF DIRECTORS**

### **(1) Directors**

Directors shall be elected or replaced at the general meeting and may be removed before the expiry of the term at the general meeting. Every term of a director is three (3) years, and upon expiry of the term, a director shall be eligible for re-election and re-appointment.

Subject to the compliance with the relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any director before the expiration of his term of office without prejudice to the director's right as provided in any contracts to claim for damages arising from his removal.

A Director is not required to hold any share in our Company by way of qualification.

**(2) Board of Directors**

The Company shall set up a board of directors which shall be accountable to the general meetings. The board of directors shall consist of nine (9) directors, including three (3) independent non-executive directors. The board of directors shall consist of one (1) chairman. The chairman shall be elected and removed by more than one-half of all directors. The term of office of the chairman shall be three (3) years, renewable upon re-election.

The board of directors is accountable to the general meetings and exercise the following functions and powers:

- (I) to convene of general meetings and report its work to the general meetings;
- (II) to implement resolutions of the general meetings;
- (III) to decide on the Company's business plans and investment plans;
- (IV) to formulate the annual financial budgets and final accounts of the Company;
- (V) to formulate the Company's profit distribution plans and plans on making up losses;
- (VI) to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of shares, debentures or other securities of the Company;
- (VII) to formulate plans for the Company's merger, division, dissolution or alteration of corporate form and to formulate plans for the Company's substantial acquisitions and repurchase of shares of the Company;
- (VIII) within the scope authorised by the general meeting, to decide on such matters as the Company's external investments, acquisition and disposal of assets, provision of security on the Company's assets, wealth management entrustment, etc.;
- (IX) to decide on establishment of internal management organisations of the Company;



- (X) to engage or dismiss the Company's general manager and secretary to the Board, to engage or dismiss senior management including vice general manager(s) and the person in charge of finance of the Company in accordance with the nominations by general manager, and to decide on their remunerations and rewards and punishments;
- (XI) to formulate the basic management system of the Company;
- (XII) to formulate proposals to amend these Articles of Association;
- (XIII) to manage information disclosure of the Company;
- (XIV) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service of annual financial statement to the Company;
- (VX) to listen to work reports submitted by the general manager of the Company and review his/her work;
- (VXI) To decide other material matters apart from such regulated in the Company Law and Article of Association;
- (VXII) other functions and powers provided for in laws and regulations and conferred at general meetings and by these Articles of Association.

Except for the Board resolutions in respect of the matters specified in paragraphs (VI), (VII) and (XII) which shall be passed by more than two-thirds of the directors, the Board resolutions in respect of all other matters set out in the preceding paragraph may be passed by more than half of the directors.

Meetings of the board of directors may be held only if more than one half of the directors are present. Vote on Board resolution shall be carried out on the basis of one person one vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board shall be passed by more than one half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

**9. SECRETARY OF THE BOARD**

The Company shall have a secretary to the Board. The secretary to the Board shall be a member of the senior management of the Company and be accountable to the Company and the Board.

The secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board.

Any accountant from the accounting firm engaged by the Company shall not concurrently serve as the secretary to the Board of the Company.

**10. SUPERVISORY COMMITTEE**

The Company shall establish a supervisory committee. The Supervisory Committee shall consist of three (3) supervisors, one of which shall be the chairman. The term of office of each supervisor shall be a period of three (3) years, renewable upon re-election. Any directors, general managers and other senior management shall not act concurrently as supervisors.

The Supervisory Committee consists of two (2) shareholders' representative supervisors and one (1) staff representative supervisors. Shareholders' representative supervisors shall be recommended by controlling shareholders and to be elected and removed by the general meeting, staff representative supervisors shall be elected and removed by the staff of the Company democratically.

The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:

- (I) to examine the Company's financial position;
- (II) to supervise the performance by the directors, general managers and other senior management of their duties to the Company for violation of the laws;
- (III) to demand rectification from the directors, general managers manager(s) and other senior management when the acts of such persons are harmful to the Company's interests;
- (IV) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practising auditors for a re-examination of the aforesaid information;
- (V) to propose the holding of extraordinary general meetings;

(VI) to sue directors and communicated on behalf of the Company;

(VII) other functions and powers provided for in laws and regulations and conferred at general meetings and by these Articles of Association.

Supervisors shall attend as a nonvoting delegate at the meeting of the directors.

The reasonable expenses incurred by the Supervisory Committee in the engagement of professionals such as lawyers, certified public accountants and practising auditors, in exercising its functions and powers shall be borne by the Company.

#### **11. GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT**

The Company has one (1) general manager, one (1) executive manager, several vice general managers, one (1) person in charge of financial matters, they shall serve terms of three (3) years and may serve consecutive terms if reappointed by the board of directors.

Directors may concurrently serve as general manager and vice general manager.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(I) to be in charge of the production, operation and management of the Company, to organise the implementation of the resolutions of the Board, and to report his/her works to the Board;

(II) to organise the implementation of the Company's annual business plans and investment plans;

(III) to draft plans for the establishment of the Company's internal management organisation;

(IV) to draft the Company's basic management system;

(V) to propose the appointment or dismissal of the Company's management personnel whom appointment or dismissal is to be determined by the Board;

(VI) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(VII) to propose the convening of interim meeting of the Board;

(VIII) such other functions and powers conferred by these Articles of Association or the Board.

**12. BORROWING POWER**

The Articles of Association do not contain any specific provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the board of directors shall be entitled to develop proposals for our Company to issue bonds and to list its Shares, and that such bond issues must be approved by the Shareholders by a special resolution at the general Shareholders' meeting.

**13. FINANCIAL AND ACCOUNTING SYSTEMS**

The Company shall formulate its financial and accounting systems in accordance with the PRC laws and the PRC accounting standards formulated by relevant state authorities.

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

The Company shall adopt Renminbi as its bookkeeping base currency.

The Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to the convening of an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

At least 21 days before the convening of the annual general meeting, the Company shall deliver copies of the reports of the Board and financial reports together with the balance sheet (including all documents annexed to the balance sheet as prescribed by applicable laws), the profit or loss statement or income and expenditure statement or financial summary to each holder of overseas-listed foreign shares with the postage-paid mail. The addresses of the recipient shall be registered address as shown on the register of members.

The financial statements of the Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements.

**14. PROFIT DISTRIBUTIONS**

Where the Company distributes its after-tax profits for a given year, it shall allocate 10 percent of the profits to its statutory reserve.

The Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

If the Company's statutory reserve is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary reserve.

After the Company has made up its losses and made allocations to its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally. If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Shares of the Company that are held by the Company itself shall not participate in the distribution of profits.

The Company shall appoint receiving agents for holders of overseas listed foreign investment shares to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable by the Company in respect of overseas listed foreign investment shares, and hold the same until they can be paid to the relevant shareholders.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place or the relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed by the Company for holders of overseas listed foreign investment shares listed on the Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the laws of the PRC, the Company may exercise power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign investment shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions.

However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder of overseas-listed foreign shares who is untraceable subject to the following conditions:

- (I) the Company has distributed dividends at least three times in respect of such shares within 12 years, but none of such dividends was claimed;
- (II) the Company has, after the expiration of a period of 12 years, made an announcement on one or more newspapers in the place in which the Company's shares are listed, stating its intention to sell such shares, and notify the securities regulatory authority of the place in which the Company's shares are listed of such intention.

## **15. DISSOLUTION AND LIQUIDATION OF THE COMPANY**

The Company shall be dissolved in accordance with the law under any of the following circumstances:

- (I) the general meeting resolves to dissolve the Company;
- (II) dissolution is necessary as a result of the merger or division of the Company;
- (III) the Company is legally declared bankrupt because it is unable to pay its debts as they fall due;
- (IV) the Company's business licence is revoked or it is ordered to close down or it is deregistered according to laws;
- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

Where the Company is dissolved according to the provisions of sub-paragraphs (I), (IV), and (V) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of persons determined by way of ordinary resolution at a general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If the Company is to be dissolved pursuant to item (III) of the preceding Article, the People's Court shall, in accordance with the provisions of relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

If the Board decides that the Company shall be liquidated (except for the liquidation as a result of the Company's declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the Board has made full inquiry into the position of the Company and that the Board is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation. The functions and powers of the Board of the Company shall terminate immediately after the general meeting has passed the resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting and shall make a report to the general meeting on the committee's income and expenditure as well as the business of the Company and the progress of the liquidation at least annually. It shall make a final report to the general meeting when the liquidation is completed. The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on the newspapers designated by the CSRC and on the websites of the Company and the stock exchange within 60 days of its establishment. Claims shall be registered by the liquidation committee. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a certified public accountant in China, submit the same to the general meeting or the competent authority for confirmation. Within 30 days from the date of the general meeting's or the competent authority's confirmation, the liquidation committee shall submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

#### **16. AMENDMENT TO THE ARTICLES OF ASSOCIATION**

The Company shall amend these Articles of Association in accordance with the laws and these Articles of Association. If an amendment to these Articles of Association involves matters provided for in the Mandatory Provisions of Articles of Association of Companies That List Overseas that requires the approval from the competent supervisory authority to become effective, it shall be submitted to the competent supervisory authority for approval. If an amendment to these Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.



**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Establishment of our Company**

Our Company was established in the PRC on July 18, 2000 and was converted to a joint stock company with limited liability under the Company Law with effect from May 28, 2020. Our Company has established a place of business in Hong Kong at 40th Floor, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on July 14, 2020. Mr. Lau Kwok Yin (劉國賢) has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix V to this prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix IV to this prospectus.

**2. Changes in the share capital of our Company**

As of the date of our establishment, our registered capital was RMB1,100,000 which was fully paid up.

On August 26, 2004, our registered capital was increased from RMB1,100,000 to RMB5,100,000.

On February 13, 2014, our registered capital was further increased from RMB5,100,000 to RMB50,000,000.

On May 28, 2020, our Company was converted into a joint stock company with limited liability under the PRC Company Law. Upon completion of such conversion, the share capital of our Company was RMB455,472,500 divided into 455,472,500 Shares with a nominal value of RMB1.00 each.

On June 12, 2020, our share capital was increased from RMB455,472,500 to RMB500,000,000.

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering, our share capital will be increased to RMB632,911,400, made up of 500,000,000 Domestic Shares and 132,911,400 H Shares fully paid up or credited as fully paid up, representing approximately 79.0% and 21.0% of our share capital, respectively. Save as aforesaid, there has been no alteration in our share capital since our establishment.

**3. Restriction of share repurchase**

For details of the restrictions on the share repurchase by our Company, please refer to “Summary of the Articles of Association” in Appendix V to this prospectus.

**4. Resolutions of our Shareholders passed at our Company’s extraordinary general meeting held on June 10, 2020**

At the extraordinary general meeting of our Company held on June 10, 2020, among other things, the following resolutions were passed by the Shareholders:

- (a) the issue by our H Shares with a nominal value of RMB1.00 each and such H Shares to be listed on the Stock Exchange;
- (b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (c) authorising our Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares and the Listing.

**5. Corporate Reorganization**

We underwent the Reorganization, for details, please see “History, Reorganization and Corporate Structure”. As confirmed by our PRC Legal Advisors, all the equity transfers and capital increases as described in “—Reorganization” and “—Pre-IPO Investments” in the section headed “History, Reorganization and Corporate Structure” were properly and legally completed and all necessary approvals, filings and registrations from the relevant PRC authorities have been obtained and completed.

**6. Particulars of our subsidiaries**

Set out below is certain information of our subsidiaries as of the Latest Practicable Date:

| No. | Name of subsidiary                                                   | Identity of shareholder(s) <sup>(1)</sup>                                         | Approximate percentage of the equity interests |
|-----|----------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------|
| 1.  | Yancheng Jinke Yongheng Property Services Co., Ltd. (鹽城金科詠恒物業服務有限公司) | Our Company<br>Yancheng High-tech Zone Investment Group Co., Ltd. (鹽城高新區投資集團有限公司) | 51.00%<br>49.00%                               |

| No. | Name of subsidiary                                                   | Identity of shareholder(s) <sup>(1)</sup>                                        | Approximate percentage of the equity interests |
|-----|----------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------|
| 2.  | Dehong Huajiang Property Co., Ltd. (德宏華江物業有限公司)                      | Our Company<br>Dehong Huajiang Real Estate Development Co., Ltd. (德宏華江房地產開發有限公司) | 51.00%<br>49.00%                               |
| 3.  | Wuxi Jinke Huijin Property Management Co., Ltd. (無錫市金科匯錦物業管理有限公司)    | Our Company<br>Mr. Li Yaodong (李耀冬)                                              | 51.00%<br>49.00%                               |
| 4.  | Chongqing Jinbosi Education Technology Co., Ltd. (重慶金博思教育科技有限公司)     | Our Company<br>Chongqing Dake Investment Co., Ltd. (重慶市達科投資有限公司)                 | 60.00%<br>40.00%                               |
| 5.  | Hubei Jinke Aobang Property Management Co., Ltd. (湖北金科奧邦物業管理有限責任公司)  | Our Company<br>Mr. Yu Liangpeng (余良鵬)                                            | 51.00%<br>49.00%                               |
| 6.  | Zhengzhou Shengxiyuan Property Services Co., Ltd. (鄭州盛西源物業服務有限公司)    | Our Company<br>Mr. Bao Weicheng (包偉成)                                            | 51.00%<br>49.00%                               |
| 7.  | Baoji Jinke Bohua Property Services Co., Ltd. (寶雞金科博華物業服務有限公司)       | Our Company<br>Shaanxi Yuntai Industry Co., Ltd. (陝西元泰實業有限公司)                    | 51.00%<br>49.00%                               |
| 8.  | Guizhou Jinke Yunxiang Property Services Co., Ltd. (貴州金科雲翔物業服務有限公司)  | Our Company<br>Mr. Zhang Jingru (張敬儒)                                            | 51.00%<br>49.00%                               |
| 9.  | Liuzhou Jinke Yuandao Property Services Co., Ltd. (柳州市金科遠道物業服務有限公司)  | Our Company<br>Liuzhou Yuanjia Property Services Co., Ltd. (柳州遠佳物業服務有限公司)        | 70.00%<br>30.00%                               |
| 10. | Chongqing Jinke Tongyun Property Services Co., Ltd. (重慶金科同雲物業服務有限公司) | Our Company<br>Ms. Huang Mingli (黃明麗)                                            | 51.00%<br>49.00%                               |
| 11. | Shandong Jinke Denuo Property Services Co., Ltd. (山東金科德諾物業服務有限公司)    | Our Company<br>Shandong Denuo Property Management Co., Ltd. (山東德諾物業管理有限公司)       | 60.00%<br>40.00%                               |

| No. | Name of subsidiary                                                    | Identity of shareholder(s) <sup>(1)</sup>                                                                                                                  | Approximate percentage of the equity interests |
|-----|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 12. | Tongren Jinke Meilin Property Services Co., Ltd. (銅仁市金科美鄰物業服務有限公司)    | Our Company<br>Mr. Xie Jianglin (謝江林)<br>Tongren Hongfeng Property Services Co., Ltd. (銅仁紅楓物業服務有限責任公司)                                                     | 51.00%<br>9.00%<br>40.00%                      |
| 13. | Sichuan Jinke Dingheng Property Services Co., Ltd. (四川金科鼎恒物業服務有限公司)   | Our Company                                                                                                                                                | 100%                                           |
| 14. | Guizhou Jinke Feiyun Property Services Co., Ltd. (貴州金科飛雲物業服務有限公司)     | Our Company<br>Mr. Dai Xiaoliang (代小亮)<br>Mr. Liu Dejian (劉德建)                                                                                             | 51.00%<br>32.00%<br>17.00%                     |
| 15. | Guizhou Jinke Sishun Property Management Co., Ltd. (貴州金科四順物業管理有限公司)   | Our Company<br>Chongqing Yuanxi Real Estate Information Consulting Co., Ltd. (重慶元璽房地產信息諮詢有限公司)                                                             | 51.00%<br>49.00%                               |
| 16. | Guizhou Jinke Huanyu Property Services Co., Ltd. (貴州金科寰宇物業服務有限公司)     | Our Company<br>Chishui Juchengda Real Estate Development Co., Ltd. (赤水市聚成達房地產開發有限責任公司)                                                                     | 51.00%<br>49.00%                               |
| 17. | Sichuan Jinke Zhanchuang Property Services Co., Ltd. (四川金科展創物業服務有限公司) | Our Company<br>Ms. Sun Caiqin (孫彩琴)<br>Ms. Huang Chan (黃嬋)                                                                                                 | 60.00%<br>25.00%<br>15.00%                     |
| 18. | Chongqing Jintanglang Advertising Co., Ltd. (重慶金螳螂廣告有限公司)             | Chongqing Tengjie Trading Co., Ltd. (重慶騰界商貿有限公司) (“ <b>Chongqing Tengjie</b> ”)<br>Chongqing Jinbiao Sign Design and Production Co., Ltd. (重慶金標標識設計製作有限公司) | 51.00%<br>49.00%                               |
| 19. | Dehong Jinke Julong Property Services Co., Ltd. (德宏金科巨隆物業服務有限公司)      | Our Company<br>Dehong Julong Real Estate Development Co., Ltd. (德宏巨隆房地產開發有限責任公司)                                                                           | 51.00%<br>49.00%                               |

| No. | Name of subsidiary                                                               | Identity of shareholder(s) <sup>(1)</sup>                                        | Approximate percentage of the equity interests |
|-----|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------|
| 20. | Zhengzhou Puyuan Jinyu Property Services Co., Ltd. (鄭州市圃苑金豫物業服務有限公司)             | Our Company                                                                      | 100.00%                                        |
| 21. | Kunming Jinke Runjing Property Services Co., Ltd. (昆明金科潤景物業服務有限公司)               | Our Company<br>Binhai Qingsun Conference Service Center (濱海青筍會展服務中心)             | 51.00%<br>49.00%                               |
| 22. | Yunnan Jinke Yintai Property Services Co., Ltd. (雲南金科銀泰物業服務有限公司)                 | Our Company<br>Yunnan Yintai Property Co., Ltd. (雲南銀泰物業有限公司)                     | 51.00%<br>49.00%                               |
| 23. | Weihai Jinhan Property Services Co., Ltd. (威海金瀚物業服務有限公司)                         | Our Company<br>Weihai Lejia Decoration Co., Ltd. (威海樂加裝飾股份有限公司)                  | 51.00%<br>49.00%                               |
| 24. | Shaanxi Jinke Hanjia Property Services Co., Ltd. (陝西金科漢家物業服務有限公司) <sup>(2)</sup> | Our Company<br>Hanzhong Haina'er Property Management Co., Ltd. (漢中海納爾物業管理有限責任公司) | 51.00%<br>49.00%                               |
| 25. | Sichuan Jinke Rongcheng Property Services Co., Ltd. (四川省金科融城物業服務有限公司)            | Our Company<br>Chengdu Jiayou Hehui Business Service Co., Ltd. (成都佳友合匯商務服務有限公司)  | 51.00%<br>49.00%                               |
| 26. | Dafang Jinke Giant Property Services Co., Ltd. (大方金科巨人物業服務有限公司)                  | Our Company<br>Guizhou Deyuan Real Estate Co., Ltd. (貴州德源置業有限公司)                 | 51.00%<br>49.00%                               |
| 27. | Zunyi Jinke Fujia Property Services Co., Ltd. (遵義金科福家物業服務有限公司)                   | Our Company<br>Guizhou Fujia Property Services Co., Ltd. (貴州福家物業服務有限責任公司)        | 51.00%<br>49.00%                               |
| 28. | Guizhou Jinke Tiansheng Property Services Co., Ltd. (貴州金科天晟物業服務有限責任公司)           | Our Company<br>Kaili Tiansheng Business Service Co., Ltd. (凱里市天晟商務服務有限責任公司)      | 51.00%<br>49.00%                               |

| No. | Name of subsidiary                                                          | Identity of shareholder(s) <sup>(1)</sup>                                                  | Approximate percentage of the equity interests |
|-----|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------|
| 29. | Zhengzhou Jinke Fengyue Property Services Co., Ltd. (鄭州金科豐越物業服務有限公司)        | Our Company<br>Ms. Ma Shuling (馬書玲)<br>Ms. Dai Yanli (戴艷莉)                                 | 51.00%<br>20.00%<br>29.00%                     |
| 30. | Hebei Dayuan Jinke Property Services Co., Ltd. (河北大元金科物業服務有限公司)             | Our Company<br>Dayuan Investment Group Real Estate Development Co., Ltd. (大元投資集團房地產開發有限公司) | 65.00%<br>35.00%                               |
| 31. | Sichuan Jinke Xiang'ao Property Services Co., Ltd. (四川金科祥奧物業服務有限公司)         | Our Company<br>Chengdu Xiang'ao Real Estate Co., Ltd. (成都祥奧置業有限公司)                         | 51.00%<br>49.00%                               |
| 32. | Ruzhou Jinke Keyuan Property Services Co., Ltd. (汝州市金科科源物業服務有限公司)           | Our Company<br>Ruzhou Xinyuan Property Management Co., Ltd. (汝州市鑫源物業管理有限公司)                | 51.00%<br>49.00%                               |
| 33. | Sichuan Jinke Rose Garden Property Services Co., Ltd. (四川金科玫瑰園物業服務有限公司)     | Our Company<br>Sichuan Rose Garden Real Estate Development Co., Ltd. (四川玫瑰園房地產開發有限公司)      | 60.00%<br>40.00%                               |
| 34. | Sichuan Jinke Mingyue Property Management Co., Ltd. (四川金科明悅物業管理有限公司)        | Our Company<br>Chengdu Mingshun Commercial and Trading Co., Ltd. (成都明順商貿有限公司)              | 51.00%<br>49.00%                               |
| 35. | Yunnan Jinxirui Property Services Co., Ltd. (雲南金西瑞物業服務有限公司) <sup>(3)</sup>  | Our Company<br>Ruili Yaximian Industry Co., Ltd. (瑞麗市亞西緬實業有限公司)                            | 51.00%<br>49.00%                               |
| 36. | Zunyi Jinke Jiayi Property Services Co., Ltd. (遵義金科佳驛物業服務有限公司)              | Our Company<br>Zunyi Xinpu Development Group Co., Ltd. (遵義市新蒲發展集團有限責任公司)                   | 51.00%<br>49.00%                               |
| 37. | Chongqing Jinke Village Supply Chain Management Co., Ltd. (重慶金科鄉村供應鏈管理有限公司) | Chongqing Tengjie<br>Chongqing Linfan Agricultural Development Co., Ltd. (重慶市林繁農業發展有限公司)   | 61.00%<br>39.00%                               |

| No. | Name of subsidiary                                                                  | Identity of shareholder(s) <sup>(1)</sup>                                                          | Approximate percentage of the equity interests |
|-----|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------|
| 38. | Shandong Jinke Zhonggao Property Services Co., Ltd. (山東金科中高物業服務有限公司) <sup>(4)</sup> | Our Company<br>Beijing Zhonggao Zhiyuan Investment Holding Management Co., Ltd. (北京中高志遠投資控股管理有限公司) | 51.00%<br>49.00%                               |
| 39. | Chongqing Tengjie                                                                   | Our Company                                                                                        | 100.00%                                        |
| 40. | Tianzhi Huiqi                                                                       | Our Company                                                                                        | 100.00%                                        |
| 41. | Chongqing Kangcheng Air Ticket Agent Co., Ltd. (重慶康程航空票務代理有限公司)                     | Our Company                                                                                        | 100.00%                                        |
| 42. | Chongqing Jinke Junyou Property Management Co., Ltd. (重慶金科俊友物業管理有限公司)               | Our Company                                                                                        | 100.00%                                        |
| 43. | Chongqing Jinling Intelligent Device Co., Ltd. (重慶金令智能設備有限公司) (“Chongqing Jinling”) | Our Company                                                                                        | 100.00%                                        |
| 44. | Chongqing Shunsheng Chengxun Property Management Co., Ltd. (重慶市順盛誠勛物業管理有限公司)        | Our Company                                                                                        | 100.00%                                        |
| 45. | Chongqing Jinke Life Services Co., Ltd. (重慶金科生活服務有限公司)                              | Our Company                                                                                        | 100.00%                                        |
| 46. | Chongqing Jinke New Business Management Co., Ltd. (重慶金科新商業管理有限公司)                   | Our Company                                                                                        | 100.00%                                        |
| 47. | Chongqing Jinxiao Xinyue Catering Management Co., Ltd. (重慶金曉心悅餐飲管理有限公司)             | Our Company                                                                                        | 100.00%                                        |
| 48. | Chongqing Jinhongtong Construction Project Management Co., Ltd. (重慶金鴻通建築工程項目管理有限公司) | Our Company                                                                                        | 100.00%                                        |

| No. | Name of subsidiary                                                       | Identity of shareholder(s) <sup>(1)</sup>                                                                   | Approximate percentage of the equity interests |
|-----|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 49. | Lichuan Zhuangyuangu Property Management Co., Ltd. (利川狀元谷物業管理有限公司)       | Our Company                                                                                                 | 100.00%                                        |
| 50. | Chongqing Xinqidian Decoration Engineering Co., Ltd. (重慶新起點裝飾工程有限公司)     | Our Company                                                                                                 | 100.00%                                        |
| 51. | Chongqing Difen Yihui Cultural Creativity Co., Ltd. (重慶迪芬藝匯文化創意有限公司)     | Our Company                                                                                                 | 100.00%                                        |
| 52. | Yidu Golden Time Property Services Co., Ltd. (宜都金時代物業服務有限公司)             | Our Company                                                                                                 | 100.00%                                        |
| 53. | Changdu Jinke Changda Property Services Co., Ltd. (昌都市金科昌達物業服務有限公司)      | Our Company<br>Chongqing Zhongsilian Enterprise Management Co., Ltd. (重慶中思聯企業管理有限公司)                        | 51.00%<br>49.00%                               |
| 54. | Xiayi Jinke Tongchuang Property Services Co., Ltd. (夏邑縣金科同創物業服務有限公司)     | Our Company<br>Zhejiang Wenzhou Tongchuangke Enterprise Management Consulting Co., Ltd. (浙江溫州同創客企業管理諮詢有限公司) | 51.00%<br>49.00%                               |
| 55. | Hubei Jinke Xinyuan Property Management Co., Ltd. (湖北金科馨園物業管理有限責任公司)     | Our Company<br>Ms. Zhang Shan (張姍)                                                                          | 51.00%<br>49.00%                               |
| 56. | Sichuan Jintuo Property Services Co., Ltd. (四川金拓物業服務有限公司)                | Our Company<br>Xizang Baotong Investment Co., Ltd. (西藏寶通投資有限公司)                                             | 51.00%<br>49.00%                               |
| 57. | Shandong Jinke Lanbaowei Property Services Co., Ltd. (山東金科蘭寶威物業服務管理有限公司) | Our Company<br>Shandong Lanbaowei Property Services Co., Ltd. (山東蘭寶威物業服務有限公司)                               | 51.00%<br>49.00%                               |



| No. | Name of subsidiary                                                                                             | Identity of shareholder(s) <sup>(1)</sup>                                                                                                                                                                                            | Approximate percentage of the equity interests |
|-----|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 58. | Jinke Jinshou (Chongqing) Enterprise Services Co., Ltd. (金科金首(重慶)企業服務有限公司)                                     | Our Company<br>Chongqing Senshou Enterprise Management Consulting Co., Ltd. (重慶市森首企業管理諮詢有限公司)                                                                                                                                        | 51.00%<br>49.00%                               |
| 59. | Jiangxi Jinke Treasure Property Services Co., Ltd. (江西省金科財富物業服務有限公司)                                           | Our Company<br>Jiangxi Bainian Treasure Property Services Co., Ltd. (江西百年財富物業服務有限公司)                                                                                                                                                 | 50.10%<br>49.90%                               |
| 60. | Guizhou Jinke Chenyang Property Services Co., Ltd. (貴州金科晨陽物業服務有限公司)                                            | Our Company<br>Zunyi Chenyang Property Management Co., Ltd. (遵義晨陽物業管理有限責任公司)                                                                                                                                                         | 51.00%<br>49.00%                               |
| 61. | Jinke Senshou (Chongqing) Property Services Co., Ltd. (金科森首(重慶)物業服務有限公司)                                       | Our Company<br>Chongqing Senshou Enterprise Management Consulting Co., Ltd. (重慶市森首企業管理諮詢有限公司)                                                                                                                                        | 51.00%<br>49.00%                               |
| 62. | Qingdao Jinhong City Services Co., Ltd. (青島金鴻城市服務有限公司)                                                         | Our Company<br>Qingdao Hongsheng Environment Technology Co., Ltd. (青島鴻盛環境科技有限公司)                                                                                                                                                     | 51.00%<br>49.00%                               |
| 63. | Jinke Jingchao                                                                                                 | Our Company<br>Jingchao Industrial <sup>(5)</sup>                                                                                                                                                                                    | 51.00%<br>49.00%                               |
| 64. | Yidu Jinlin Property Services Co., Ltd. (宜都金麟物業服務有限公司)                                                         | Our Company                                                                                                                                                                                                                          | 100.00%                                        |
| 65. | Chongqing Kangcheng International Travel Agency Co., Ltd. (重慶康程國際旅行社有限公司) (“ <b>Kangcheng International</b> ”) | Our Company<br>Beijing Zhongxin Youyou International Travel Agency Co., Ltd. (北京眾信優游國際旅行社有限公司) (“ <b>Beijing Zhongxin</b> ”)<br>Chongqing Guoxin International Travel Agency Co., Ltd. (重慶國信國際旅行社有限公司) (“ <b>Chongqing Guoxin</b> ”) | 63.00%<br>20.00%<br>17.00%                     |

| No. | Name of subsidiary                                                                    | Identity of shareholder(s) <sup>(1)</sup>                                                                                       | Approximate percentage of the equity interests |
|-----|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 66. | Hubei Jinke Caizhi Operation and Management Co., Ltd. (湖北金科財智經營管理有限公司) <sup>(6)</sup> | Chongqing Jinke New Business Management Co., Ltd. (重慶金科新商業管理有限公司)<br>Hubei Ruiyu Investment Management Co., Ltd. (湖北睿宇投資管理有限公司) | 60.00%<br>40.00%                               |
| 67. | Guizhou Jinke Yongchuang Property Management Co., Ltd. (貴州金科勇創物業管理有限公司)               | Our Company<br>Guizhou Kechuang Development Group Co., Ltd. (貴州科創建設集團有限公司)                                                      | 51.00%<br>49.00%                               |
| 68. | Chongqing Yueyiren Human Resource Services Co., Ltd. (重慶悅億仁人力資源服務有限公司)                | Our Company                                                                                                                     | 100.00%                                        |
| 69. | Shandong Jinhao Property Services Co., Ltd. (山東金灝物業服務有限公司)                            | Our Company<br>Shandong Haolin Parking Management Co., Ltd. (山東灝霖停車管理有限公司)                                                      | 70.00%<br>30.00%                               |
| 70. | Shandong Jinke Haolin Parking Management Co., Ltd. (山東金科浩霖停車管理有限公司)                   | Our Company<br>Shandong Haolin Parking Management Co., Ltd. (山東灝霖停車管理有限公司)                                                      | 51.00%<br>49.00%                               |
| 71. | Henan Jinke Shangbo Property Services Co., Ltd. (河南金科尚博物業服務有限公司)                      | Our Company<br>Luoyang Shangbo Industrial Co., Ltd. (洛陽尚博實業有限公司)                                                                | 51.00%<br>49.00%                               |
| 72. | Chongqing Xinshengyue Media Co., Ltd. (重慶鑫生悅傳媒有限公司)                                   | Our Company                                                                                                                     | 100.00%                                        |
| 73. | Jinyifang (Chongqing) Enterprise Management Co., Ltd. (金易房(重慶)企業管理有限公司)               | Our Company<br>Chengdu Jinke Property Development Co., Ltd. (成都金科房地產開發有限公司) <sup>(7)</sup>                                      | 70.00%<br>30.00%                               |
| 74. | Jiangxi Jinke Hongding Intelligent Technology Co., Ltd. (江西金科宏鼎智能科技有限公司)              | Our Company<br>Jiangxi Yunjun Technology Co., Ltd. (江西雲駿科技有限公司)                                                                 | 51.00%<br>49.00%                               |
| 75. | Guizhou Jinke Yongsheng Property Services Co., Ltd. (貴州金科永盛物業服務有限責任公司)                | Our Company<br>Guizhou Zhongtian Property Services Co., Ltd. (貴州中天物業服務有限公司)                                                     | 51.00%<br>49.00%                               |

| No. | Name of subsidiary                                                                | Identity of shareholder(s) <sup>(1)</sup>                                              | Approximate percentage of the equity interests |
|-----|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------------------------------------|
| 76. | Changsha Jinke Heyue Property Services Co., Ltd. (長沙金科和悅物業服務有限公司)                 | Our Company<br>Hunan Wantianyunzhuang Digital Technology Co., Ltd. (湖南灣田雲裝數字科技有限公司)    | 60.00%<br>40.00%                               |
| 77. | Sanmenxia Jinke Xianglong Property Services Co., Ltd. (三門峽市金科祥龍物業服務有限公司)          | Our Company<br>Sanmenxia Xianglongju Property Development Co., Ltd. (三門峽市祥龍居房地產開發有限公司) | 51.00%<br>49.00%                               |
| 78. | Xishuangbanna Jinzhi Property Services Co., Ltd. (西雙版納金智物業服務有限公司)                 | Our Company<br>Dali Weizhi Property Agency Co., Ltd. (大理市蔚智房地產經紀有限公司)                  | 51.00%<br>49.00%                               |
| 79. | Chongqing Haoshengjin Business Information Consulting Co., Ltd. (重慶昊生金商務信息諮詢有限公司) | Our Company                                                                            | 100.00%                                        |
| 80. | Henan Jinxiu Jinke Property Services Co., Ltd. (河南錦繡金科物業服務有限公司)                   | Our Company<br>Xuchang Xingdu Property Co., Ltd. (許昌興都置業有限公司)                          | 51.00%<br>49.00%                               |

*Note:*

- (1) Save as disclosed below, to the best of our knowledge, information and belief, having made all reasonable enquiries, each of the shareholders of our non-wholly owned subsidiaries (other than the members of our Group) was an Independent Third Party save for their respective equity interests in the relevant subsidiaries of our Group as of the Latest Practicable Date.
- (2) Shaanxi Jinke Hanjia Property Services Co., Ltd. is in the process of deregistration.
- (3) Yunnan Jinxirui Property Services Co., Ltd. is in the process of deregistration.
- (4) Shandong Jinke Zhonggao Property Services Co., Ltd. is in the process of deregistration.
- (5) Jingchao Industrial is an associate company of Jinke Property.
- (6) Hubei Jinke Caizhi Operation and Management Co., Ltd. is in the process of deregistration.
- (7) Chengdu Jinke Property Development Co., Ltd. is an associate company of Jinke Property.

**7. Change in the registered capital of subsidiaries**

Our Company's subsidiaries are referred to in the Accountant's Report in Appendix I to this prospectus. Save for the subsidiaries mentioned above, in the Accountant's Report and the section headed "History, Reorganization and Corporate Structure", our Company has no other subsidiaries.

The following changes in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

**Lichuan Zhuangyuangu Property Management Co., Ltd. (利川狀元谷物業管理有限公司) ("Lichuan Zhuangyuangu")**

On December 3, 2019, the registered capital of Lichuan Zhuangyuangu was increased from RMB500,000 to RMB600,000.

**Yancheng Jinke Yongheng Property Services Co., Ltd. (鹽城金科詠恒物業服務有限公司) ("Yancheng Jinke Yongheng")**

On June 23, 2020, the registered capital of Yancheng Jinke Yongheng was increased from RMB8,000,000 to RMB10,000,000.

**Yunnan Jinke Yintai Property Services Co., Ltd. (雲南金科銀泰物業服務有限公司) ("Yunnan Jinke Yintai")**

On July 16, 2020, the registered capital of Yunnan Jinke Yintai was increased from RMB1,000,000 to RMB5,000,000.

Save as set out above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

**B. FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of material contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (a) an equity interest transfer agreement dated January 29, 2019 and a supplemental agreement dated June 11, 2020 entered into between Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司) and our Company in respect of the transfer of 100% equity interest in Chongqing Xinqidian Decoration Engineering Co., Ltd. (重慶新起點裝飾工程有限公司) from Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司) to our Company at a consideration of RMB50,000,000;

- (b) an equity interest transfer agreement dated August 9, 2019 and a supplemental agreement dated June 9, 2020 entered into between Hunan Jinke Jingchao Industrial Development Co., Ltd. (湖南金科景朝產業發展有限公司) and our Company in respect of the transfer of 51% equity interest in Hunan Jinke Jingchao Industrial Operation Management Co., Ltd. (湖南金科景朝產業運營管理有限公司) from Hunan Jinke Jingchao Industrial Development Co., Ltd. (湖南金科景朝產業發展有限公司) to our Company at a consideration of RMB2,550,000;
- (c) an equity interest transfer agreement dated May 14, 2020 entered into among Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)), Tianjin Zhuoyue Gongying Jinke Management Consulting Partnership (Limited Partnership) (天津卓越共贏金科管理諮詢合夥企業(有限合夥)), Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) and our Company in respect of the transfer of the 3.89% equity interest in our Company from Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)) to Tianjin Zhuoyue Gongying Jinke Management Consulting Partnership (Limited Partnership) (天津卓越共贏金科管理諮詢合夥企業(有限合夥)) at a consideration of RMB190,260,000;
- (d) an equity interest transfer agreement dated May 14, 2020 entered into among Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)), Tianjin Jinheng Hongxin Management Consulting Partnership (Limited Partnership) (天津金恒鴻鑫管理諮詢合夥企業(有限合夥)), Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) and our Company in respect of the transfer of the 0.61% equity interest in our Company from Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)) to Tianjin Jinheng Hongxin Management Consulting Partnership (Limited Partnership) (天津金恒鴻鑫管理諮詢合夥企業(有限合夥)) at a consideration of RMB29,790,000;
- (e) an equity interest transfer agreement dated May 14, 2020 entered into among Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)), CITIC Securities Investment Co., Ltd. (中信証券投資有限公司), Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) and our Company in respect of the transfer of the 2.00% equity interest in our Company from Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)) to CITIC Securities Investment Co., Ltd. (中信証券投資有限公司) at a consideration of RMB97,800,000;
- (f) an equity interest transfer agreement dated May 14, 2020 entered into among Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)), Beijing Ronghui Yangguang Xinxing Industries Investment Management Center (Limited Partnership) (北京融匯陽光新

興產業投資管理中心(有限合夥)), Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) and our Company in respect of the transfer of the 2.00% equity interest in our Company from Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)) to Beijing Ronghui Yangguang Xinxing Industries Investment Management Center (Limited Partnership) (北京融匯陽光新興產業投資管理中心(有限合夥)) at a consideration of RMB97,800,000;

- (g) an equity interest transfer agreement dated May 18, 2020 entered into among Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Huagai Shengyuan Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區華蓋升元股權投資合夥企業(有限合夥)), Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) and our Company in respect of the transfer of the 1.64% equity interest in our Company from Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)) to Ningbo Meishan Bonded Port Area Huagai Shengyuan Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區華蓋升元股權投資合夥企業(有限合夥)) at a consideration of RMB80,000,000;
- (h) an equity interest transfer agreement dated May 19, 2020 entered into among Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)), Beijing Ronghui Ruiguang Investment Management Center (Limited Partnership) (北京融匯瑞光投資管理中心(有限合夥)), Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) and our Company in respect of the transfer of the 3.77% equity interest in our Company from Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)) to Beijing Ronghui Ruiguang Investment Management Center (Limited Partnership) (北京融匯瑞光投資管理中心(有限合夥)) at a consideration of RMB184,500,000;
- (i) an equity interest transfer agreement dated May 25, 2020 entered into among our Company, Beijing Zhongxin Youyou International Travel Agency Co., Ltd. (北京眾信優遊國際旅行社有限公司), Chongqing Guoxin International Travel Agency Co., Ltd. (重慶國信國際旅行社有限公司) and Chongqing Kangcheng International Travel Agency Co., Ltd. (重慶康程國際旅行社有限公司) in respect of the transfer of the 20% and 17% equity interest in Chongqing Kangcheng International Travel Agency Co., Ltd. (重慶康程國際旅行社有限公司) from our Company to Beijing Zhongxin Youyou International Travel Agency Co., Ltd. (北京眾信優遊國際旅行社有限公司) and Chongqing Guoxin International Travel Agency Co., Ltd. (重慶國信國際旅行社有限公司) at a consideration of RMB1,252,000 and RMB1,064,200, respectively;



- (j) a capital contribution agreement dated June 8, 2020 entered into among Jinke Property Group Co., Ltd. (金科地產集團股份有限公司), Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)), Tianjin Jinheng Hongxin Management Consulting Partnership (Limited Partnership) (天津金恒鴻鑫管理諮詢合夥企業(有限合夥)), Tianjin Zhuoyue Gongying Jinke Management Consulting Partnership (Limited Partnership) (天津卓越共贏金科管理諮詢合夥企業(有限合夥)), CITIC Securities Investment Co., Ltd. (中信証券投資有限公司), Beijing Ronghui Yangguang Xinxing Industries Investment Management Center (Limited Partnership) (北京融匯陽光新興產業投資管理中心(有限合夥)), Beijing Ronghui Ruiguang Investment Management Center (Limited Partnership) (北京融匯瑞光投資管理中心(有限合夥)), Ningbo Meishan Bonded Port Area Huagai Shengyuan Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區華蓋升元股權投資合夥企業(有限合夥)), Beijing Ronghui Yangguang Yongsheng Investment Management Center (Limited Partnership) (北京融匯陽光永晟投資管理中心(有限合夥)), Panxin (Shanghai) Investment Center (Limited Partnership) (磐信(上海)投資中心(有限合夥)), Wuhan Gaoling Zhicheng AI Private Equity Fund II, L.P. (武漢高瓴智成二期人工智能股權投資基金合夥企業(有限合夥)) and our Company in respect of the capital contribution of RMB220,090,126 by Panxin (Shanghai) Investment Center (Limited Partnership) (磐信(上海)投資中心(有限合夥)), RMB107,361,037 by Wuhan Gaoling Zhicheng AI Private Equity Fund II, L.P. (武漢高瓴智成二期人工智能股權投資基金合夥企業(有限合夥)) and RMB150,600,695 by Beijing Ronghui Yangguang Yongsheng Investment Management Center (Limited Partnership) (北京融匯陽光永晟投資管理中心(有限合夥)), respectively;
- (k) an equity interest transfer agreement dated June 11, 2020 and a supplemental agreement dated June 13, 2020 entered into between our Company, Baohui Guoxing (Beijing) Technology Development Co., Ltd. (保匯國興(北京)科技發展有限公司) and Chongqing Ruibo Asset Management Consulting Co., Ltd. (重慶睿博資產管理諮詢有限公司) in respect of the transfer of the 100% equity interest in Chongqing Ruibo Asset Management Consulting Co., Ltd. (重慶睿博資產管理諮詢有限公司) from our Company to Baohui Guoxing (Beijing) Technology Development Co., Ltd. (保匯國興(北京)科技發展有限公司) at a consideration of RMB10,029,600;
- (l) an equity interest transfer agreement dated June 12, 2020 and a supplemental agreement dated June 13, 2020 entered into among our Company, Shenzhen Jinke Industry Investment Fund Management Co., Ltd. (深圳金科產業投資基金管理有限責任公司), Zhongnanhang Airport Security Services (Tianjin) Co., Ltd. (中安航機場保障服務(天津)有限公司) and Jinsong Commercial Factoring Co., Ltd. (金松商業保理有限公司) in respect of the transfer of the 49% and 51% equity interest in Jinsong Commercial Factoring Co., Ltd. (金松商業保理有限公司) from our Company to Shenzhen Jinke Industry Investment Fund Management Co., Ltd. (深圳金科產業投資基金管理有限責任公司) and Zhongnanhang Airport Security Services (Tianjin) Co., Ltd. (中安航機場保障服務(天津)有限公司) at a consideration of RMB24,802,922.9 and RMB25,815,287.1, respectively;
- (m) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, Taikang Life Insurance Co., Ltd, CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which Taikang Life Insurance Co., Ltd agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$75,000,000 (excluding brokerage and levies) at the Offer Price;

- (n) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, Gaoling Fund, L.P., YHG Investment, L.P., CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which Gaoling Fund, L.P. and YHG Investment, L.P. agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$50,000,000 (excluding brokerage and levies) at the Offer Price;
- (o) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, Snow Lake China Master Fund, Ltd., CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which Snow Lake China Master Fund, Ltd. agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$50,000,000 (excluding brokerage and levies) at the Offer Price;
- (p) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, CICC Grandeur (Xiamen) Equity Investment Fund Partnership (L.P.), CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which CICC Grandeur (Xiamen) Equity Investment Fund Partnership (L.P.) agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$50,000,000 (excluding brokerage and levies) at the Offer Price;
- (q) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, UBS Asset Management (Singapore) Limited (in its capacity as investment advisor of, and for and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited), CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which UBS Asset Management (Singapore) Limited (in its capacity as investment advisor of, and for and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited) agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$30,000,000 (excluding brokerage and levies) at the Offer Price;
- (r) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, Marshall Wace Asia Limited (in its capacity as investment manager for and on behalf of Eureka Fund, Market Neutral TOPS Fund, TOPS Emerging Markets Alpha Fund, TOPS Emerging Markets Absolute Return Fund and Global Financials Market Neutral Fund), CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which Marshall Wace Asia Limited (in its capacity as investment manager for and on behalf of Eureka Fund, Market Neutral TOPS Fund, TOPS Emerging Markets Alpha Fund, TOPS Emerging Markets Absolute Return Fund and Global Financials Market Neutral Fund) agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$30,000,000 (excluding brokerage and levies) at the Offer Price;

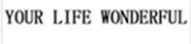


- (s) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, Aspex Master Fund, CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which Aspex Master Fund agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$30,000,000 (excluding brokerage and levies) at the Offer Price;
- (t) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, WT Asset Management Limited, CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which WT Asset Management Limited agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$10,000,000 (excluding brokerage and levies) at the Offer Price;
- (u) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, 3W Fund Management Limited, CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which 3W Fund Management Limited agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$10,000,000 (excluding brokerage and levies) at the Offer Price;
- (v) a cornerstone investment agreement dated November 3, 2020 entered into among our Company, China Orient Multi-Strategy Master Fund, CLSA Capital Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited, pursuant to which China Orient Multi-Strategy Master Fund agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with Hong Kong dollar equivalent to US\$10,000,000 (excluding brokerage and levies) at the Offer Price;
- (w) the Deed of Non-competition;
- (x) the Deed of Indemnity; and
- (y) the Hong Kong Underwriting Agreement.

## 2. Intellectual property rights of our Group

### (a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

| Trademark                                                                                                      | Registration Number | Class                         | Name of Registered Proprietor                                                                | Place of Registration | Date of Registration | Expiry Date        |
|----------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------|----------------------------------------------------------------------------------------------|-----------------------|----------------------|--------------------|
|  <b>Jinke 金科服务</b><br>美好你的生活  | 305250753           | 9, 37, 38, 39, 42, 43, 44, 45 | Our Company                                                                                  | Hong Kong             | April 17, 2020       | April 16, 2030     |
|  <b>金科丽车行</b>                 | 15734861            | 37                            | Our Company                                                                                  | PRC                   | January 7, 2016      | January 6, 2026    |
| <b>金悦家</b>                                                                                                     | 23648971            | 41                            | Our Company                                                                                  | PRC                   | June 28, 2019        | June 27, 2029      |
| <b>金悦家</b>                                                                                                     | 23648559            | 16                            | Our Company                                                                                  | PRC                   | April 7, 2018        | April 6, 2028      |
| <b>金博思</b>                                                                                                     | 29081482            | 45                            | Chongqing Jinbosi Education Technology Co., Ltd.<br>(重慶金博思教育科技有限公司)<br>("Chongqing Jinbosi") | PRC                   | March 14, 2019       | March 13, 2029     |
| <b>亲宝日记</b>                                                                                                    | 29056832            | 41                            | Chongqing Jinbosi                                                                            | PRC                   | February 28, 2019    | February 27, 2029  |
| <b>悦读佳</b>                                                                                                     | 29064887            | 41                            | Chongqing Jinbosi                                                                            | PRC                   | December 21, 2018    | December 20, 2028  |
|  <b>YOUR LIFE WONDERFUL</b> | 26699582            | 42                            | Tianzhi Huiqi                                                                                | PRC                   | September 14, 2018   | September 13, 2028 |
|  <b>天智慧启</b>                | 26714637            | 42                            | Tianzhi Huiqi                                                                                | PRC                   | September 14, 2018   | September 13, 2028 |

| Trademark                                                                         | Registration Number | Class | Name of Registered Proprietor | Place of Registration | Date of Registration | Expiry Date        |
|-----------------------------------------------------------------------------------|---------------------|-------|-------------------------------|-----------------------|----------------------|--------------------|
|  | 26707806            | 9     | Tianzhi Huiqi                 | PRC                   | September 14, 2018   | September 13, 2028 |
| 福邻社                                                                               | 33759959            | 41    | Chongqing Tengjie             | PRC                   | May 28, 2019         | May 27, 2029       |
| 金科资产中心                                                                            | 15735436            | 36    | Our Company                   | PRC                   | March 14, 2016       | March 13, 2026     |
| TIQI                                                                              | 40631163            | 37    | Tianzhi Huiqi                 | PRC                   | April 14, 2020       | April 13, 2030     |
| TIQI                                                                              | 40644285            | 38    | Tianzhi Huiqi                 | PRC                   | April 14, 2020       | April 13, 2030     |
| TIQI                                                                              | 40634222            | 42    | Tianzhi Huiqi                 | PRC                   | April 14, 2020       | April 13, 2030     |

As of the Latest Practicable Date, our Group was granted a license to the use the following trademarks which are material to our business:

| Trademark                                                                                 | Registration Number | Class | Name of Registered Proprietor | Place of Registration | Date of Registration | Expiry Date       |
|-------------------------------------------------------------------------------------------|---------------------|-------|-------------------------------|-----------------------|----------------------|-------------------|
| 金科物业                                                                                      | 16418829            | 35    | Jinke Property                | PRC                   | June 28, 2016        | June 27, 2026     |
| 金科物业                                                                                      | 16419065            | 36    | Jinke Property                | PRC                   | June 28, 2016        | June 27, 2026     |
| 金科服务                                                                                      | 29208665            | 35    | Jinke Property                | PRC                   | April 28, 2019       | April 27, 2029    |
| 金科服务                                                                                      | 29222834            | 37    | Jinke Property                | PRC                   | May 7, 2019          | May 6, 2029       |
| 金科服务                                                                                      | 29224339            | 42    | Jinke Property                | PRC                   | May 7, 2019          | May 6, 2029       |
| 金科家居中心                                                                                    | 26553378            | 37    | Jinke Property                | PRC                   | February 7, 2019     | February 6, 2029  |
|  金科好阿姨 | 21812815            | 45    | Jinke Property                | PRC                   | December 21, 2017    | December 20, 2027 |
| 金科美家荟                                                                                     | 18401944            | 37    | Jinke Property                | PRC                   | December 28, 2016    | December 27, 2026 |
| 金科金厨房                                                                                     | 18402934            | 30    | Jinke Property                | PRC                   | December 28, 2016    | December 27, 2026 |

| Trademark    | Registration Number | Class | Name of Registered Proprietor | Place of Registration | Date of Registration | Expiry Date       |
|--------------|---------------------|-------|-------------------------------|-----------------------|----------------------|-------------------|
| 金科资产中心       | 18401778            | 36    | Jinke Property                | PRC                   | December 28, 2016    | December 27, 2026 |
| 金科资产中心       | 18401399            | 35    | Jinke Property                | PRC                   | June 28, 2018        | June 27, 2028     |
| 金科生活馆        | 18402899            | 35    | Jinke Property                | PRC                   | March 14, 2017       | March 13, 2027    |
| 金科赋品         | 33755617            | 29    | Jinke Property                | PRC                   | June 14, 2019        | June 13, 2029     |
| JINKESERVICE | 29202843            | 41    | Jinke Property                | PRC                   | April 28, 2019       | April 27, 2029    |
| JINKESERVICE | 29223913            | 35    | Jinke Property                | PRC                   | January 21, 2019     | January 20, 2029  |

**(b) Copyrights**

As at the Latest Practicable Date, our Group have registered the following software copyrights in the PRC which, in the opinion of our Directors, are material to our business:

| Copyright                                                                                    | Registration Number | Copyright Owner | Date of Publication | Date of Registration | Status |
|----------------------------------------------------------------------------------------------|---------------------|-----------------|---------------------|----------------------|--------|
| Majordomo Adaptive Cruise Control System 2.0.2 (大管家巡航系統2.0.2)                                | 2017SR421005        | Tianzhi Huiqi   | May 1, 2017         | August 3, 2017       | Valid  |
| Attractive Home APP IOS Mobile Phone Software V1.0 (魅力家APP IOS手機客戶端軟件V1.0)                   | 2018SR449354        | Tianzhi Huiqi   | February 5, 2018    | June 14, 2018        | Valid  |
| House Inspector Majordomo System V1.2.1 (驗房管家系統V1.2.1)                                       | 2018SR349514        | Tianzhi Huiqi   | January 16, 2017    | May 17, 2018         | Valid  |
| Jinke Property EBA Platform System V1.0 (金科物業EBA平台系統V1.0)                                    | 2018SR495943        | Tianzhi Huiqi   | March 9, 2018       | June 28, 2018        | Valid  |
| Jinke Operation Planning Management System Software V1.0 (金科大運營計劃管理系統軟件(簡稱:金科大運營計劃管理系統)V1.0) | 2018SR364626        | Tianzhi Huiqi   | March 19, 2018      | May 22, 2018         | Valid  |
| Jinke Information Management Platform Software V1.0 (金科信息管理平台軟件(簡稱:集成平台)V1.0)                | 2018SR542223        | Tianzhi Huiqi   | May 20, 2018        | July 11, 2018        | Valid  |

**APPENDIX VI****STATUTORY AND GENERAL INFORMATION**

| <b>Copyright</b>                                                                                         | <b>Registration<br/>Number</b> | <b>Copyright<br/>Owner</b> | <b>Date of<br/>Publication</b> | <b>Date of<br/>Registration</b> | <b>Status</b> |
|----------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|--------------------------------|---------------------------------|---------------|
| Intelligent Guard Tour App Android<br>Mobile Phone Software V1.0 (智能巡更<br>APP安卓手機客戶端軟件V1.0)              | 2018SR542231                   | Tianzhi Huiqi              | March 20,<br>2018              | July 11,<br>2018                | Valid         |
| Intelligent Guard Tour App IOS Mobile<br>Phone Software V1.0 (智能巡更APP<br>IOS手機客戶端軟件V1.0)                 | 2018SR542236                   | Tianzhi Huiqi              | March 20,<br>2018              | July 11,<br>2018                | Valid         |
| Smart Gallery Multimedia Central Control<br>System V1.0 (智慧展廳中控系統V1.0)                                   | 2019SR0707227                  | Tianzhi Huiqi              | June 12,<br>2019               | July 9, 2019                    | Valid         |
| Tianqi Big Data Information System<br>Software V1.0 (天啟大數據信息系統軟<br>件V1.0)                                | 2018SR851339                   | Tianzhi Huiqi              | July 18,<br>2017               | October 25,<br>2018             | Valid         |
| Tianqi Big Data Information System<br>Android Software V1.0 (天啟大數據信<br>息系統安卓客戶端軟件(簡稱:天啟手持端<br>安卓版本)V1.0) | 2018SR633530                   | Tianzhi Huiqi              | N.A                            | August 9,<br>2018               | Valid         |
| Tianqi Big Data Information System IOS<br>Software V1.0 (天啟大數據信息系統IOS<br>客戶端軟件(簡稱:天啟手持端IOS版<br>本)V1.0)   | 2018SR633560                   | Tianzhi Huiqi              | N.A                            | August 9,<br>2018               | Valid         |
| Community APP Android Mobile Phone<br>Software B2.0.5 (大社區APP安卓手機客<br>戶端軟件V2.0.5)                        | 2018SR441849                   | Tianzhi Huiqi              | February 5,<br>2018            | June 12,<br>2018                | Valid         |
| Face Recognition Entrance Guard System<br>V1.0 (人臉識別門禁系統V1.0)                                            | 2019SR0707324                  | Tianzhi Huiqi              | April 29,<br>2019              | July 9, 2019                    | Valid         |
| EyeCloud Management Platform Software<br>V1.0 (雲監控管理平台軟件V1.0)                                            | 2019SR0707222                  | Tianzhi Huiqi              | April 13,<br>2018              | July 9, 2019                    | Valid         |

*(c) Patent*

As at the Latest Practicable Date, our Group have registered the following patents in the PRC which, in the opinion of our Directors, are material to our business:

| <u>Patent</u>                     | <u>Type</u>   | <u>Patent Number</u> | <u>Registered Owner</u>                                                                                                      | <u>Place of Registration</u> | <u>Date of Application</u> | <u>Status</u> |
|-----------------------------------|---------------|----------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|---------------|
| Unattended system (無人值守系統)        | Utility model | 2016209736176        | Chongqing Junhua Electro-Mechanical Equipment Co., Ltd. (重慶駿華機電設備有限公司) (“Chongqing Junhua”) (now known as Chongqing Jinling) | PRC                          | August 29, 2016            | Valid         |
| Emergency Exit (No.2) (安全門(2))    | Design patent | 2015301750320        | Chongqing Junhua                                                                                                             | PRC                          | June 2, 2015               | Valid         |
| Intelligent entrance guard (智能門禁) | Utility model | 2015203408987        | Chongqing Junhua                                                                                                             | PRC                          | May 25, 2015               | Valid         |
| Intelligent entrance guard (智能門禁) | Utility model | 2015203409034        | Chongqing Junhua                                                                                                             | PRC                          | May 25, 2015               | Valid         |

*(d) Domain name*

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain name in the PRC which, in the opinion of our Directors, is material to our business:

| <u>Domain Name</u> | <u>Name of Registered Proprietor</u> | <u>Date of Registration</u> | <u>Expiry Date</u> |
|--------------------|--------------------------------------|-----------------------------|--------------------|
| jinkeservice.com   | Our Company                          | June 11, 2020               | June 11, 2021      |

## C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of interests

#### (a) *Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the registered capital of our Company and its associated corporations*

Immediately following the completion of the Global Offering and assuming that the Over-Allotment Option is not exercised, the interests or short positions of Directors, Supervisors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to our Company once the H Shares are listed will be as follows:

#### *Interest in associated corporations of our Company*

| Name                  | Name of associated corporation | Nature of Interest | Interest in shares <sup>(1)</sup> | Percentage holding (approx.) |
|-----------------------|--------------------------------|--------------------|-----------------------------------|------------------------------|
| Mr. Xu Guofu (徐國富)    | Jinke Property                 | Beneficial owner   | 1,126,993 (L)                     | 0.21%                        |
| Mr. Luo Licheng (羅利成) | Jinke Property                 | Beneficial owner   | 9,737,909 (L)                     | 1.82%                        |
| Mr. Yu Yong (余勇)      | Jinke Property                 | Beneficial owner   | 100 (L)                           | 0.000019%                    |

#### *Notes:*

(1) The letter “L” denotes the person’s long position in the shares.

#### (b) *Substantial Shareholders*

##### (i) *Interests of the substantial Shareholders in the Shares*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have interests or short positions in our Shares or

underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

*(ii) Interests of the substantial shareholders of other members of our Group*

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors, supervisors or chief executive of our Company) were 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 other member of our Group:

| <u>Name of members of our Group</u>                                 | <u>Name of Shareholder</u>                                            | <u>Approximate percentage of shareholding</u> |
|---------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------|
| Yancheng Jinke Yongheng                                             | Yancheng High-tech Zone Investment Group Co., Ltd.<br>(鹽城高新區投資集團有限公司) | 49.00%                                        |
| Dehong Huajiang Property Co., Ltd.<br>(德宏華江物業有限公司)                  | Dehong Huajiang Real Estate Development Co., Ltd.<br>(德宏華江房地產開發有限公司)  | 49.00%                                        |
| Wuxi Jinke Huijin Property Management Co., Ltd. (無錫市金科匯錦物業管理有限公司)   | Mr. Li Yaodong (李耀冬)                                                  | 49.00%                                        |
| Chongqing Jinbosi Education Technology Co., Ltd. (重慶金博思教育科技有限公司)    | Chongqing Dake Investment Co., Ltd. (重慶市達科投資有限公司)                     | 40.00%                                        |
| Hubei Jinke Aobang Property Management Co., Ltd. (湖北金科奧邦物業管理有限責任公司) | Mr. Yu Liangpeng (余良鵬)                                                | 49.00%                                        |
| Zhengzhou Shengxiyuan Property Services Co., Ltd. (鄭州盛西源物業服務有限公司)   | Mr. Bao Weicheng (包偉成)                                                | 49.00%                                        |
| Baoji Jinke Bohua Property Services Co., Ltd. (寶雞金科博華物業服務有限公司)      | Shaanxi Yuntai Industry Co., Ltd. (陝西元泰實業有限公司)                        | 49.00%                                        |
| Guizhou Jinke Yunxiang Property Services Co., Ltd. (貴州金科雲翔物業服務有限公司) | Mr. Zhang Jingru (張敬儒)                                                | 49.00%                                        |



| Name of members of our Group                                          | Name of Shareholder                                                             | Approximate percentage of shareholding |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|
| Liuzhou Jinke Yuandao Property Services Co., Ltd. (柳州市金科遠道物業服務有限公司)   | Liuzhou Yuanjia Property Services Co., Ltd. (柳州遠佳物業服務有限公司)                      | 30.00%                                 |
| Chongqing Jinke Tongyun Property Services Co., Ltd. (重慶金科同雲物業服務有限公司)  | Ms. Huang Mingli (黃明麗)                                                          | 49.00%                                 |
| Shandong Jinke Denuo Property Services Co., Ltd. (山東金科德諾物業服務有限公司)     | Shandong Denuo Property Management Co., Ltd. (山東德諾物業管理有限公司)                     | 40.00%                                 |
| Tongren Jinke Meilin Property Services Co., Ltd. (銅仁市金科美鄰物業服務有限公司)    | Tongren Hongfeng Property Services Co., Ltd. (銅仁紅楓物業服務有限責任公司)                   | 40.00%                                 |
| Guizhou Jinke Feiyun Property Services Co., Ltd. (貴州金科飛雲物業服務有限公司)     | Mr. Dai Xiaoliang (代小亮)<br>Mr. Liu Dejian (劉德建)                                 | 32.00%<br>17.00%                       |
| Guizhou Jinke Sishun Property Management Co., Ltd. (貴州金科四順物業管理有限公司)   | Chongqing Yuanxi Real Estate Information Consulting Co., Ltd. (重慶元璽房地產信息諮詢有限公司) | 49.00%                                 |
| Guizhou Jinke Huanyu Property Services Co., Ltd. (貴州金科寰宇物業服務有限公司)     | Chishui Juchengda Real Estate Development Co., Ltd. (赤水市聚成達房地產開發有限責任公司)         | 49.00%                                 |
| Sichuan Jinke Zhanchuang Property Services Co., Ltd. (四川金科展創物業服務有限公司) | Ms. Sun Caiqin (孫彩琴)<br>Ms. Huang Chan (黃嬋)                                     | 25.00%<br>15.00%                       |
| Chongqing Jintanglang Advertising Co., Ltd. (重慶金螳螂廣告有限公司)             | Chongqing Jinbiao Sign Design and Production Co., Ltd. (重慶金標標識設計製作有限公司)         | 49.00%                                 |
| Dehong Jinke Julong Property Services Co., Ltd. (德宏金科巨隆物業服務有限公司)      | Dehong Julong Real Estate Development Co., Ltd. (德宏巨隆房地產開發有限責任公司)               | 49.00%                                 |

| Name of members of our Group                                           | Name of Shareholder                                                         | Approximate percentage of shareholding |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------|
| Kunming Jinke Runjing Property Services Co., Ltd. (昆明金科潤景物業服務有限公司)     | Binhai Qingsun Conference Service Center (濱海青筍會展服務中心)                       | 49.00%                                 |
| Yunnan Jinke Yintai                                                    | Yunnan Yintai Property Co., Ltd. (雲南銀泰物業有限公司)                               | 49.00%                                 |
| Weihai Jinhan Property Services Co., Ltd. (威海金瀚物業服務有限公司)               | Weihai Lejia Decoration Co., Ltd. (威海樂加裝飾股份有限公司)                            | 49.00%                                 |
| Shaanxi Jinke Hanjia Property Services Co., Ltd. (陝西金科漢家物業服務有限公司)      | Hanzhong Haina'er Property Management Co., Ltd. (漢中海納爾物業管理有限責任公司)           | 49.00%                                 |
| Sichuan Jinke Rongcheng Property Services Co., Ltd. (四川省金科融城物業服務有限公司)  | Chengdu Jiayou Hehui Business Service Co., Ltd. (成都佳友合匯商務服務有限公司)            | 49.00%                                 |
| Dafang Jinke Giant Property Services Co., Ltd. (大方金科巨人物業服務有限公司)        | Guizhou Deyuan Real Estate Co., Ltd. (貴州德源置業有限公司)                           | 49.00%                                 |
| Zunyi Jinke Fujia Property Services Co., Ltd. (遵義金科福家物業服務有限公司)         | Guizhou Fujia Property Services Co., Ltd. (貴州福家物業服務有限責任公司)                  | 49.00%                                 |
| Guizhou Jinke Tiansheng Property Services Co., Ltd. (貴州金科天晟物業服務有限責任公司) | Kaili Tiansheng Business Service Co., Ltd. (凱裏市天晟商務服務有限責任公司)                | 49.00%                                 |
| Zhengzhou Fengyue Property Management Co., Ltd. (鄭州豐越物業管理有限公司)         | Ms. Ma Shuling (馬書玲)<br>Ms. Dai Yanli (戴艷莉)                                 | 20.00%<br>29.00%                       |
| Hebei Dayuan Jinke Property Services Co., Ltd. (河北大元金科物業服務有限公司)        | Dayuan Investment Group Real Estate Development Co., Ltd. (大元投資集團房地產開發有限公司) | 35.00%                                 |
| Sichuan Jinke Xiang'ao Property Services Co., Ltd. (四川金科祥奧物業服務有限公司)    | Chengdu Xiang'ao Real Estate Co., Ltd. (成都祥奧置業有限公司)                         | 49.00%                                 |

| Name of members of our Group                                                | Name of Shareholder                                                                          | Approximate percentage of shareholding |
|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------|
| Ruzhou Jinke Keyuan Property Services Co., Ltd. (汝州市金科科源物業服務有限公司)           | Ruzhou Xinyuan Property Management Co., Ltd. (汝州市鑫源物業管理有限公司)                                 | 49.00%                                 |
| Sichuan Jinke Rose Garden Property Services Co., Ltd. (四川金科玫瑰園物業服務有限公司)     | Sichuan Rose Garden Real Estate Development Co., Ltd. (四川玫瑰園房地產開發有限公司)                       | 40.00%                                 |
| Sichuan Jinke Mingyue Property Management Co., Ltd. (四川金科明悅物業管理有限公司)        | Chengdu Mingshun Commercial and Trading Co., Ltd. (成都明順商貿有限公司)                               | 49.00%                                 |
| Yunnan Jinxirui Property Services Co., Ltd. (雲南金西瑞物業服務有限公司)                 | Ruili Yaximian Industry Co., Ltd. (瑞麗市亞西緬實業有限公司)                                             | 49.00%                                 |
| Zunyi Jinke Jiayi Property Services Co., Ltd. (遵義金科佳驛物業服務有限公司)              | Zunyi Xinpu Development Group Co., Ltd. (遵義市新蒲發展集團有限責任公司)                                    | 49.00%                                 |
| Chongqing Jinke Village Supply Chain Management Co., Ltd. (重慶金科鄉村供應鏈管理有限公司) | Chongqing Linfan Agricultural Development Co., Ltd. (重慶市林繁農業發展有限公司)                          | 39.00%                                 |
| Shandong Jinke Zhonggao Property Services Co., Ltd. (山東金科中高物業服務有限公司)        | Beijing Zhonggao Zhiyuan Investment Holding Management Co., Ltd. (北京中高志遠投資控股管理有限公司)          | 49.00%                                 |
| Changdu Jinke Changda Property Services Co., Ltd. (昌都市金科昌達物業服務有限公司)         | Chongqing Zhongsilian Enterprise Management Co., Ltd. (重慶中思聯企業管理有限公司)                        | 49.00%                                 |
| Xiayi Jinke Tongchuang Property Services Co., Ltd. (夏邑縣金科同創物業服務有限公司)        | Zhejiang Wenzhou Tongchuangke Enterprise Management Consulting Co., Ltd. (浙江溫州同創客企業管理諮詢有限公司) | 49.00%                                 |
| Hubei Jinke Xinyuan Property Management Co., Ltd. (湖北金科馨園物業管理有限責任公司)        | Ms. Zhang Shan (張姍)                                                                          | 49.00%                                 |

| <b>Name of members of our Group</b>                                               | <b>Name of Shareholder</b>                                                     | <b>Approximate percentage of shareholding</b> |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------|
| Sichuan Jintuo Property Services Co., Ltd. (四川金拓物業服務有限公司)                         | Xizang Baotong Investment Co., Ltd. (西藏寶通投資有限公司)                               | 49.00%                                        |
| Shandong Jinke Lanbaowei Property Services Co., Ltd. (山東金科蘭寶威物業服務管理有限公司)          | Shandong Lanbaowei Property Services Co., Ltd. (山東蘭寶威物業服務有限公司)                 | 49.00%                                        |
| Jinke Jinshou (Chongqing) Enterprise Services Co., Ltd. (金科金首(重慶)企業服務有限公司)        | Chongqing Senshou Enterprise Management Consulting Co., Ltd. (重慶市森首企業管理諮詢有限公司) | 49.00%                                        |
| Jiangxi Jinke Treasure Property Services Co., Ltd. (江西省金科財富物業服務有限公司)              | Jiangxi Bainian Treasure Property Services Co., Ltd. (江西百年財富物業服務有限公司)          | 49.90%                                        |
| Guizhou Jinke Chenyang Property Services Co., Ltd. (貴州金科晨陽物業服務有限公司)               | Zunyi Chenyang Property Management Co., Ltd. (遵義晨陽物業管理有限責任公司)                  | 49.00%                                        |
| Jinke Senshou (Chongqing) Property Services Co., Ltd. (金科森首(重慶)物業服務有限公司)          | Chongqing Senshou Enterprise Management Consulting Co., Ltd. (重慶市森首企業管理諮詢有限公司) | 49.00%                                        |
| Qingdao Jinhong City Services Co., Ltd. (青島金鴻城市服務有限公司)                            | Qingdao Hongsheng Environment Technology Co., Ltd. (青島鴻盛環境科技有限公司)              | 49.00%                                        |
| Hunan Jinke Jingchao Industrial Operation Management Co., Ltd. (湖南金科景朝產業運營管理有限公司) | Hunan Jinke Jingchao Industrial Development Co., Ltd. (湖南金科景朝產業發展有限公司)         | 49.00%                                        |
| Hubei Jinke Caizhi Operation and Management Co., Ltd. (湖北金科財智經營管理有限公司)            | Hubei Ruiyu Investment Management Co., Ltd. (湖北睿宇投資管理有限公司)                     | 40.00%                                        |
| Kangcheng International                                                           | Beijing Zhongxin<br>Chongqing Guoxin                                           | 20.00%<br>17.00%                              |

| Name of members of our Group                                             | Name of Shareholder                                                     | Approximate percentage of shareholding |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------|
| Guizhou Jinke Yongchuang Property Management Co., Ltd. (貴州金科勇創物業管理有限公司)  | Guizhou Kechuang Development Group Co., Ltd. (貴州科創建設集團有限公司)             | 49.00%                                 |
| Shandong Jinhao Property Services Co., Ltd. (山東金灝物業服務有限公司)               | Shandong Haolin Parking Management Co., Ltd. (山東灝霖停車管理有限公司)             | 30.00%                                 |
| Shandong Jinke Haolin Parking Management Co., Ltd. (山東金科灝霖停車管理有限公司)      | Shandong Haolin Parking Management Co., Ltd. (山東灝霖停車管理有限公司)             | 49.00%                                 |
| Henan Jinke Shangbo Property Services Co., Ltd. (河南金科尚博物業服務有限公司)         | Luoyang Shangbo Industrial Co., Ltd. (洛陽尚博實業有限公司)                       | 49.00%                                 |
| Jinyifang (Chongqing) Enterprise Management Co., Ltd. (金易房(重慶)企業管理有限公司)  | Chengdu Jinke Property Development Co., Ltd. (成都金科房地產開發有限公司)            | 30.00%                                 |
| Jiangxi Jinke Hongding Intelligent Technology Co., Ltd. (江西金科宏鼎智能科技有限公司) | Jiangxi Yunjun Technology Co., Ltd. (江西雲駿科技有限公司)                        | 49.00%                                 |
| Guizhou Jinke Yongsheng Property Services Co., Ltd. (貴州金科永盛物業服務有限責任公司)   | Guizhou Zhongtian Property Services Co., Ltd. (貴州中天物業服務有限公司)            | 49.00%                                 |
| Changsha Jinke Heyue Property Services Co., Ltd. (長沙金科和悅物業服務有限公司)        | Hunan Wantianyunzhuang Digital Technology Co., Ltd. (湖南灣田雲裝數字科技有限公司)    | 40.00%                                 |
| Sanmenxia Jinke Xianglong Property Services Co., Ltd. (三門峽市金科祥龍物業服務有限公司) | Sanmenxia Xianglongju Property Development Co., Ltd. (三門峽市祥龍居房地產開發有限公司) | 49.00%                                 |
| Xishuangbanna Jinzhi Property Services Co., Ltd. (西雙版納金智物業服務有限公司)        | Dali Weizhi Property Agency Co., Ltd. (大理市蔚智房地產經紀有限公司)                  | 49.00%                                 |
| Henan Jinxiu Jinke Property Services Co., Ltd. (河南錦繡金科物業服務有限公司)          | Xuchang Xingdu Property Co., Ltd. (許昌興都置業有限公司)                          | 49.00%                                 |

**2. Further Information about our Directors and Supervisors*****(a) Particulars of Directors' and Supervisors' service contracts and appointment letters***

Each of the Directors and Supervisors entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

***(b) Others***

- (i) None of the Directors, Supervisors, or any past Directors of any members of our Group has been paid any sum of money for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (ii) There has been no arrangement under which a Director or Supervisor has waived or agreed to waive any remuneration or benefits in kind for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020.
- (iii) None of the Directors or Supervisors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director or a Supervisor, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

**3. Agency fees or commissions received**

Save as disclosed in this section, none of the Directors, Supervisors or any of the persons whose names are listed under “—D. Other Information—8. Consents of Experts” in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

**4. Directors' and Supervisors' remuneration**

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the aggregate amount of fees, salaries, housing allowance and contributions to a retirement benefit scheme and other allowance and benefits in kind granted by us to our Directors and Supervisors were approximately RMB4.3 million, RMB4.5 million, RMB5.8 million and RMB6.0 million, respectively.

Under the current arrangements, our Directors and Supervisors are entitled to receive compensation (including fees, salaries, housing allowance and contributions to a retirement benefit scheme) from our Company for the year ending December 31, 2020 under arrangement in force as of the date of this prospectus which is approximately RMB16.83 million in aggregate.

**5. Disclaimers**

- (a) none of our Directors or Supervisors nor any of the parties listed in “—D. Other Information—8. Consents of Experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) save as disclosed in this section, none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;
- (c) none of our Directors or Supervisors nor any of the parties listed in “—D. Other Information—8. Consents of Experts” in this Appendix, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group as a whole;
- (d) save for the Underwriting Agreements, none of the parties listed in “—D. Other Information—8. Consents of Experts” in this Appendix:
  - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group:



- (e) so far as is known to our Directors as of the Latest Practicable Date, none of the Directors, their respective associates or Shareholders of our Company (who is interested in more than 5% of the share capital of our Company) has any interests in any of our top five suppliers and top five customers; and
- (f) none of the Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

## **D. OTHER INFORMATION**

### **1. Estate duty**

As advised by our PRC Legal Advisors, the PRC currently does not impose any estate duty.

### **2. Tax and Other Indemnities**

Our Controlling Shareholder has entered into a deed of indemnity with and in favor of each member of our Company (being the contract referred to in paragraph (I) of “—B. Further Information about Our Business—1. Summary of Material Contracts” above) to provide indemnities on a joint and several basis in respect of, among other matters, (i) taxation resulting from income, profits or gains earned, accrued or received; and (ii) any claims, penalties or other indebtedness resulting from any non-compliance by any Group member which was disposed of as a part of the Reorganization before its disposal.

### **3. Litigation**

We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against us that may have a material adverse effect on our business, financial position or results of operations.

### **4. Joint Sponsors**

The Joint Sponsors have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

As members of the sponsor group (as defined in the Listing Rules) of CLSA Capital Markets Limited held more than 5% in the total share capital of the Company as of the Latest Practicable Date, CLSA Capital Markets Limited does not satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.



Huatai Financial Holdings (Hong Kong) Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of USD900,000 for acting as the Joint Sponsors for the Listing.

## 5. Preliminary expenses

Our Company has not incurred any preliminary expenses.

## 6. Promoters

The promoters of our Company are Jinke Property, Hengye Meihao, Ronghui Ruiguang, Huagai Shengyuan, CITIC Securities Investment, Yangguang Xinxing, Jinheng Hongxin and Tianjin Zhuoyue.

Save as disclosed in the section headed “History, Reorganization and Corporate Structure”, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

## 7. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

| <b>Name</b>                                   | <b>Qualifications</b>                                                                                                                                                                                                                                        |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CLSA Capital Markets Limited                  | Licensed under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO                                                                                                   |
| Huatai Financial Holdings (Hong Kong) Limited | Licensed under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO |

| Name                   | Qualifications                                                                                                                                                                                                                              |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PricewaterhouseCoopers | Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)<br>Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) |
| Guantao Law Firm       | PRC Legal Advisors to our Company                                                                                                                                                                                                           |
| China Index Academy    | Industry consultant                                                                                                                                                                                                                         |

## **8. Consents of experts**

Each of the experts named in paragraph 7 of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this prospectus the form and context in which it is respectively included.

## **9. Interests of experts in our Company**

None of the persons named in paragraph 7 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

## **10. Taxation of holders of H Shares**

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is HK\$1.00 for every HK\$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

## **11. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

**12. Miscellaneous**

- (a) Within the two years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
  - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Our Directors confirm that:
  - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2020 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and
  - (ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (c) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (d) All necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement;
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) Our Company has no outstanding convertible debt securities or debentures;
- (g) There is no arrangement under which future dividends are waived or agreed to be waived;

- (h) None of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (i) There is no subsidiary in our Group which is a sino-foreign equity joint venture or which operates as or under a cooperative or contractual joint venture; and
- (j) We currently do not intend to apply for the status of sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

### **13. Bilingual prospectus**

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption from Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the Application Forms;
- (b) the written consents referred to in “Statutory and General Information—D. Other Information—8. Consents of Experts” in Appendix VI to this prospectus; and
- (c) a copy of each of the material contracts referred to in “Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts” in Appendix VI to this prospectus.

**B. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020;
- (e) the material contracts referred to in “Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix VI to this prospectus;
- (f) the service contracts referred to in “Statutory and General Information—C. Further Information about Our Directors, Supervisors and Substantial Shareholders—2. Further Information about Our Directors and Supervisors—(a) Particulars of Directors’ and Supervisors’ Service Contracts and Appointment Letters” in Appendix VI to this prospectus;
- (g) the legal opinion issued by Guantao Law Firm, our PRC Legal Advisors, in respect of our Group’s business operations and property interests in the PRC;

- (h) the written consents referred to “Statutory and General Information—D. Other Information—8. Consents of Experts” in Appendix VI to this prospectus;
- (i) the PRC Company Law, the PRC Securities Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translation; and
- (j) the report issued by CIA.

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