德信盛全服务
DEXIN SHENGQUAN SERVICE

Dexin Services Group Limited
德信服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2215

GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator

建银国际
CCB International

Joint Bookrunners and Joint Lead Managers

建银国际 CCB International
兴证国际
中泰國際 ZHONGTAI INTERNATIONAL
VISION

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

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Dexin Services Group Limited
德 信 服 务 集 团 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**250,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**25,000,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**225,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK\$3.44 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	**:**	**HK\$0.01 per Share**
Stock Code	**:**	**2215**

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建银国际 CCB International　兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL　中泰國際 ZHONGTAI INTERNATIONAL　VISION

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

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Thursday, July 8, 2021 and, in any event, not later than Wednesday, July 14, 2021. The Offer Price will be not more than HK\$3.44 and is currently expected to be not less than HK\$2.66. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK\$3.44 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$3.44. If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price on Wednesday, July 14, 2021, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) may, with the consent of our Company reduce the number of Offer Shares and/or the indicative Offer Price range that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares and/or the indicative offer price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and our website **www.shengquanwuye.com** not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering—Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offer, then such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

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 Sole Global Coordinator (for itself 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 Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on Thursday, July 15, 2021, provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on Thursday, July 15, 2021.

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

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

June 29, 2021

*If there is any change in the following expected timetable, our Company will issue an announcement to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.shengquanwuye.com**.*

Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Tuesday, June 29, 2021
Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Thursday, July 8, 2021
Application lists open[3]	11:45 a.m. on Thursday, July 8, 2021
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, July 8, 2021
Latest time for completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, July 8, 2021
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, July 8, 2021
Application lists close[3]	12:00 noon on Thursday, July 8, 2021
Expected Price Determination Date[5]	Thursday, July 8, 2021
Announcement of the final Offer Price, the results of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.shengquanwuye.com**[6] from	Wednesday, July 14, 2021

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares" from	Wednesday, July 14, 2021
A full announcement containing the information above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.shengquanwuye.com**[6] from	Wednesday, July 14, 2021
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English: **https://www.eipo.com.hk/en/Allotment**; Chinese: **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from	Wednesday, July 14, 2021
Dispatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][9]	Wednesday, July 14, 2021
Dispatch/collection of refund checks and **White Form** e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8][9]	Wednesday, July 14, 2021
Dealings in Shares on the Stock Exchange expected to commence at	9:00 a.m. on Thursday, July 15, 2021

The application for the Hong Kong Offer Shares will commence on Tuesday, June 29, 2021 through Thursday, July 8, 2021, being longer than normal market practice of four days. The application monies (including the brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company after the closing of the Application Lists and the refund monies, if any, will be returned to the applicants without interest on Wednesday, July 14, 2021. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Thursday, July 15, 2021.

Notes:

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

(2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, July 8, 2021, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather on the Opening of the Application Lists". If the application lists do not open and close on Thursday, July 8, 2021, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.

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

(5) The Price Determination Date is expected to be on or around Thursday, July 8, 2021 and, in any event, not later than Wednesday, July 14, 2021. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and us by Wednesday, July 14, 2021, the Global Offering will not proceed and will lapse.

(6) Neither our Company's website or any of the information contained on our Company's website forms part of this prospectus.

(7) Share certificates of the Offer Shares will only become valid at 8:00 a.m. Thursday, July 15, 2021 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. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

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

(9) Applicants who have applied on **WHITE** Application Forms or for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund checks and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, July 14, 2021 or such other date as notified by our Company by announcement as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection must not authorize any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

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

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

Applicants who have applied through the **White Form eIPO** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering can collect their Share certificates (if any) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Wednesday, July 14, 2021.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post on or before Wednesday, July 14, 2021 at their own risk.

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

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares—13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares—14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on as having been authorized by the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisors or any other person or party involved in the Global Offering.

Page

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a comprehensive property management service provider in Zhejiang Province. Headquartered in Hangzhou, and deeply rooted in the Yangtze River Delta Region, we have, through over 16 years of development, established an important market position in Zhejiang Province and are well-known in the PRC property management industry. According to CIA, in terms of GFA under management as of December 31, 2020, we had a market share of approximately 0.2% among the Top 100 Property Management Companies in the PRC and approximately 3.7% among the Top 100 Property Management Companies in the PRC headquartered in Zhejiang Province. We were awarded "Leading Property Management Service Provider in East China" (華東地區物業服務市場地位領先企業) by CIA in 2020. We have also expanded our business into cities in other parts of the PRC that we believe have high growth potential, primarily covering new first-tier and second-tier cities. As of December 31, 2020, we had a total of 175 properties under management with an aggregate GFA under management of 24.9 million sq.m., covering 24 cities across 7 provinces. We have been recognized as one of the Top 100 Property Management Companies in the PRC in terms of overall strength for eight consecutive years since 2014 with our ranking improved from 41st in 2014 to 25th in 2021, according to CIA.

We provide a wide range of services for both residential and non-residential properties through three business lines, namely, property management services, value-added services to non-property owners and community value-added services. Our close and extensive cooperation with Dexin Group, namely, Dexin China (which is listed on the Main Board of the Stock Exchange) and its subsidiaries, has driven our development since our inception and laid the foundation for our continuous growth. We also possess strong business development capabilities and have a proven track record in securing engagements from independent third-party property developers to achieve organic growth and business expansion. As of December 31, 2020, we had 175 properties under our management, including 69 properties developed by Dexin Group and its joint ventures and associates, with an aggregate GFA under management of 8.8 million sq.m., accounting for 35.1% of our total GFA under management as of the same date, and 106 properties developed by independent third-party property developers with an aggregate GFA under management of 16.2 million sq.m., accounting for 64.9% of our total GFA under management as of the same date.

OUR BUSINESS MODEL

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

- *Property management services.* We provide property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and repair and maintenance services. Our property portfolio comprises residential properties and non-residential properties including commercial complexes, office buildings, schools, hospitals, industrial properties and municipal facilities.

- *Value-added services to non-property owners.* We offer comprehensive property-related services to non-property owners, which primarily include property developers. Such services primarily consist of (i) sales office management services where we provide property management services to property developers' sales offices and display units; (ii) preliminary planning and design consultancy services covering various stages of property development; (iii) property inspection and repair services covering pre-delivery inspection and post-delivery repair and maintenance services; and (iv) commercial consulting services where we provide, among other things, market research and analysis and other consulting services with respect to commercial complexes and serviced apartments.

- *Community value-added services.* We provide community value-added services to property owners and residents to improve their living experience and to maintain and enhance the value of their properties. Such services primarily include (i) smart community solutions where we sell hardware and software to property developers and provide maintenance services; (ii) property sales and assistance services where we either help property developers market their properties in exchange for a fixed amount or percentage of the sales proceeds as our commissions, or sell carpark spaces held by us and generate profit from the excess of selling prices over our purchases prices; (iii) common area value-added services where we assist property owners in leasing common spaces and public facilities to third parties in exchange for a pre-determined percentage of the rental fees as our commissions; (iv) clubhouse services where we provide catering services and conference services; (v) home decoration services where we provide customized home decoration services; and (vi) community retail and home services where we sell groceries, seasonal products and other daily necessities and provide cleaning, repair and maintenance services.

The following table sets forth a breakdown of our revenue by business line during the years indicated, both in absolute amount and as a percentage of total revenue:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Property management services	268,599	67.5	310,076	60.5	370,415	53.5
Value-added services to non-property owners	86,414	21.7	139,584	27.2	178,781	25.8
Community value-added services	42,820	10.8	63,190	12.3	143,123	20.7
Total	**397,833**	**100.0**	**512,850**	**100.0**	**692,319**	**100.0**

Our revenue from community value-added services increased from RMB63.2 million in 2019 to RMB143.1 million in 2020 partially due to an increase in revenue from property sales and assistance services. We initially adopted a purchase-and-resell model in 2019 and had sold out all of our carpark spaces as of September 30, 2020. We started our sales assistance services under a commission-based model in the second half of 2020. Under the new commission-based model, we recognize commission as revenue as compared to under the purchase-and-resell model where we recognize sales amount of a carpark space as revenue on a gross basis and the purchase price for such carpark space as the costs when the carpark space is sold. As a result of the change of business model, our revenue from this service could potentially decrease. However, as we no longer recognize costs for purchase of carpark spaces under the commission-based model, our costs will decrease and gross profit margin will increase as compared to those under the purchase-and-resell model.

As of the Latest Practicable Date, we were contracted to provide property management services with respect to 276 property projects with an aggregate contracted GFA of 41.6 million sq. m. Among the 276 property projects, 90 property projects with an aggregate contracted GFA of 11.7 million sq.m. were solely developed by Dexin Group, 45 property projects with an aggregate contracted GFA of 6.8 million sq.m. were jointly developed by Dexin Group, and 141 property projects with an aggregate contracted GFA of 23.1 million sq.m. were developed by independent third-party property developers. As of the same date, we had entered into 141 contracts for providing value-added services to non-property owners. Among these 141 contracts, (i) 65 contracts were related to sales office management services with an aggregate contract value of approximately RMB93.7 million; (ii) 31 contracts were related to preliminary planning and design consultancy services with an aggregate contract value of approximately RMB22.0 million; (iii) 6 contracts were related to property inspection and repair services with an aggregate contract value of approximately RMB3.5 million; and (iv) 39 contracts were related to commercial consulting services. In addition, as of the Latest Practicable Date, we were contracted to provide smart community solutions services for 17 projects with an aggregate contract value of approximately RMB36.2 million. The information in this paragraph is prepared based on our internal records, including the number of contracts entered as of the

Latest Practicable Date and the corresponding contract values, which may be subject to various uncertainties associated with the performance of the relevant contracts by contracting parties. There is no assurance that our actual financial performance will not deviate from such information.

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

	As of or for the year ended December 31,											
	2018				2019				2020			
	GFA		Revenue		GFA		Revenue		GFA		Revenue	
	sq.m.'000	*%*	*RMB'000*	*%*	*sq.m.'000*	*%*	*RMB'000*	*%*	*sq.m.'000*	*%*	*RMB'000*	*%*
Residential properties	12,888	68.5	179,349	66.8	14,894	72.1	192,792	62.2	18,894	75.9	252,100	68.1
Non-residential properties	5,928	31.5	89,250	33.2	5,758	27.9	117,284	37.8	6,011	24.1	118,315	31.9
Total	**18,816**	**100.0**	**268,599**	**100.0**	**20,652**	**100.0**	**310,076**	**100.0**	**24,905**	**100.0**	**370,415**	**100.0**

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Zhejiang Province	11,246	155,547	57.9	12,516	189,592	61.1	17,159	264,690	71.5
Yangtze River Delta Region (excluding Zhejiang Province)	6,260	99,804	37.2	6,760	105,426	34.0	7,228	95,920	25.9
Other regions	1,310	13,248	4.9	1,376	15,058	4.9	518	9,805	2.6
Total	**18,816**	**268,599**	**100.0**	**20,652**	**310,076**	**100.0**	**24,905**	**370,415**	**100.0**

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

	As of or for the year ended December 31,														
	2018					2019					2020				
	No. of properties	GFA		Revenue		No. of properties	GFA		Revenue		No. of properties	GFA		Revenue	
		sq.m.'000	*%*	*RMB'000*	*%*		*sq.m.'000*	*%*	*RMB'000*	*%*		*sq.m.'000*	*%*	*RMB'000*	*%*
Properties developed by Dexin Group(1)	28	3,546	18.8	59,539	22.2	40	4,742	23.0	78,656	25.4	44	5,639	22.6	98,822	26.7
Jointly developed properties(2)	6	585	3.1	10,540	3.9	11	1,375	6.6	21,853	7.0	25	3,115	12.5	54,997	14.8
Properties developed by independent third-party property developers(3)	92	14,685	78.1	198,520	73.9	93	14,535	70.4	209,567	67.6	106	16,151	64.9	216,596	58.5
Total	**126**	**18,816**	**100.0**	**268,599**	**100.0**	**144**	**20,652**	**100.0**	**310,076**	**100.0**	**175**	**24,905**	**100.0**	**370,415**	**100.0**

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed and will continue to drive our growth: (i) a property management service provider deeply rooted in the Yangtze River Delta Region with an important market position in Zhejiang Province; (ii) strong support from Dexin Group and a proven track record in independent business development; (iii) diversified property and service portfolio; (iv) smart community solutions that enhance customer satisfaction and improve management efficiency; (v) well-recognized brand image and high customer satisfaction underpinned by quality services; and (vi) experienced and professional management team and effective human resources system.

RELATIONSHIP WITH DEXIN GROUP

We have a long and close cooperation relationship with Dexin Group. During the Track Record Period, we provided property management services to properties developed by Dexin Group and properties jointly developed by Dexin Group and independent third-party developers. We also provided value-added services to non-property owners and community value-added services to Dexin Group and its joint ventures and associates. Dexin Group (and its joint ventures and associates) was our largest customer during the Track Record Period. Revenue generated from services provided to properties developed by Dexin Group and jointly developed properties accounted for 34.9%, 47.8% and 58.6%, respectively, of our total revenue in 2018, 2019 and 2020. Moreover, revenue generated from services provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu accounted for 16.8%, 26.0% and 31.2%, respectively, of our total revenue in 2018, 2019 and 2020. We believe the business relationship between Dexin Group and us has been mutually beneficial and complementary, which is common among property management service providers and their affiliated property developers in the PRC, according to the CIA. We expect to continue to provide services to Dexin Group and its joint ventures and associates and derive revenue therefrom. See "Business—Relationship with Dexin Group."

The following table sets forth a breakdown of our revenue by type of property developer for the years indicated:

	Year ended December 31,								
	2018			2019			2020		
	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin
	(RMB in thousands, except for percentages)								
Property management services									
Properties developed by Dexin Group[1]	59,539	15.0	21.2%	78,656	15.3	23.2%	98,822	14.3	27.7%
Jointly developed properties[2]	10,540	2.6	19.5%	21,853	4.3	22.4%	54,997	7.9	28.2%
Properties developed by Dexin Group and jointly developed properties	70,079	17.6	21.0%	100,509	19.6	23.0%	153,819	22.2	27.9%
Properties developed by independent third-party property developers[3]	198,520	49.9	19.4%	209,567	40.9	22.9%	216,596	31.3	25.2%
Subtotal	268,599	67.5	19.8%	310,076	60.5	22.9%	370,415	53.5	26.3%

	Year ended December 31,								
	2018			2019			2020		
	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin
	(RMB in thousands, except for percentages)								
Value-added services to non-property owners									
Properties developed by Dexin Group[(1)]	32,883	8.3	39.2%	51,452	10.0	39.9%	83,127	12.0	41.0%
Jointly developed properties[(2)]	23,177	5.8	33.5%	57,287	11.2	38.9%	60,952	8.8	45.1%
Properties developed by Dexin Group and jointly developed properties	56,060	14.1	36.9%	108,739	21.2	39.4%	144,079	20.8	42.7%
Properties developed by independent third-party property developers[(3)]	30,354	7.6	29.3%	30,845	6.0	39.5%	34,702	5.0	38.9%
Subtotal	86,414	21.7	34.2%	139,584	27.2	39.4%	178,781	25.8	42.0%
Community Value-added services									
Properties developed by Dexin Group[(1)]	8,317	2.1	28.4%	18,243	3.7	29.8%	51,527	7.5	32.8%
Jointly developed properties[(2)]	4,185	1.1	26.9%	17,570	3.3	29.4%	56,141	8.1	59.1%
Properties developed by Dexin Group and jointly developed properties	12,502	3.2	27.9%	35,813	7.0	29.6%	107,668	15.6	46.5%
Properties developed by independent third-party property developers[(3)]	30,318	7.6	29.1%	27,377	5.3	30.3%	35,455	5.1	37.0%
Subtotal	42,820	10.8	28.8%	63,190	12.3	29.9%	143,123	20.7	44.2%
Total	**397,833**	**100.0**	**23.9%**	**512,850**	**100.0**	**28.3%**	**692,319**	**100.0**	**34.1%**

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

The increases in revenue from properties developed by Dexin Group and jointly developed properties as a percentage of our total revenue from 34.9% in 2018 to 47.8% in 2019 and further to 58.6% in 2020 were primarily due to (i) increases in revenue derived from property management services as a result of increases in the number of properties delivered for our management which were solely or jointly developed by Dexin Group; (ii) increases in revenue from value-added services to non-property owners provided to properties developed by Dexin Group and jointly developed properties as a result of increases in preliminary planning and design consultancy services and property inspection and repair services provided with respect to such properties; and (iii) increases in revenue from community value-added services provided to properties developed by Dexin Group and jointly developed properties as a result of increases in smart community solutions and property sales and assistance services provided with respect to such properties.

Gross profit margin of property management services. Our gross profit margin for property management services for properties developed by Dexin Group increased from 21.2% in 2018 to 23.2% in 2019, and further to 27.7% in 2020, primarily due to (i) increases in average monthly property management fees for newly delivered properties under our management; and (ii) a series of measures, including the use of various information technology systems, to improve operational efficiency. Our gross profit margin for property management services for jointly developed properties increased from 19.5% in 2018 to 22.4% in 2019, and further to 28.2% in 2020 primarily because we managed an increasing number of commercial complexes and office buildings jointly developed by Dexin Group. Our gross profit margin for property management services for properties developed by independent third-party property developers increased from 19.4% in 2018 to 22.9% in 2019, and further to 25.2% in 2020. Such increases were primarily due to increases in average monthly property management fees for newly delivered properties under our management, together with economies of scale and our cost control measures to improve efficiency. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

Gross profit margin of value-added services to non-property owners. The gross profit margin of value-added services to non-property owners with respect to properties developed by Dexin Group was higher in 2018 primarily because we provided preliminary planning and design consultancy services mainly to properties developed by Dexin Group in 2018 and such services had relatively high profit margin. The gross profit margin of value-added services to non-property owners with respect to jointly developed properties and properties developed by Independent Third Parties increased from 2018 to 2019 primarily because we provided preliminary planning and design consultancy services to an increasing number of properties in 2019. The gross profit margins of value-added services to non-property owners with respect to properties developed by Dexin Group and jointly developed properties were higher than that of Independent Third Parties in 2020 primarily because (i) the gross profit margin of preliminary planning and design consultancy services for properties developed by independent third-party property developers was relatively lower than that developed Dexin Group because we strategically improved the quality of such services provided with respect to properties developed by independent third-party property developers in order to obtain more property management services agreements from such parties, which resulted in relatively higher costs;

and (ii) to a less extent, we started to provide commercial consulting services to properties developed by Dexin Group and jointly developed properties in 2020. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

Gross profit margin of community value-added services. The gross profit margin of community value-added services provided with respect to properties developed by independent-third party property developers was generally in line with that with respect to properties developed by Dexin Group. The gross profit margin of community value-added services provided with respect to jointly developed properties was higher in 2020 primarily because we sold a large number of smart community solutions to be applied to such properties in 2020 and smart community solutions had relatively high gross profit margin. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

OUR BUSINESS STRATEGIES

We endeavor to become a reputable property management service provider in the PRC for providing quality and comprehensive services. We intend to pursue the following strategies to achieve this goal: (i) continue to expand our business scale and market share; (ii) diversify and expand our property portfolio and service offerings; (iii) continue to improve our competitiveness and efficiency through information technology; (iv) improve service quality to enhance brand value and market influence; and (v) improve human resource management and enhance corporate culture.

OUR CUSTOMERS AND SUPPLIERS

Our customer base primarily consists of property developers, property owners, residents, operators of commercial complexes, serviced apartments and other non-residential properties, such as schools and hospitals. In 2018, 2019 and 2020, revenue from our five largest customers accounted for 24.6%, 32.9% and 34.3%, respectively, of our total revenue for the same years, and revenue generated from our services provided to our largest customer, Dexin Group (and its joint ventures and associates), accounted for 16.5%, 25.6% and 28.9%, respectively, of our total revenue for the same years.

Our suppliers were primarily (i) subcontractors located in the PRC which provide security, cleaning, greening and repair and maintenance services; and (ii) a property developer which sold us carpark spaces. In 2018, 2019 and 2020, purchases from our five largest suppliers accounted for 48.7%, 56.2% and 43.0% of our total purchases for the same years, respectively, and our purchases from our largest supplier accounted for 36.6%, 32.8% and 27.3%, respectively, of our total purchases. We purchased carpark spaces from Dexin Group (and its joint ventures and associates) and as a result, Dexin Group (and its joint ventures and associates) also became one of our five largest suppliers in 2019 and 2020.

See "Business—Customers" and "Business—Suppliers" for details.

OUR CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately upon completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), Shengfu International, which is owned as to approximately 92% by Mr. Hu and 8% by Ms. Wei, Mr. Hu's spouse, will directly own as to approximately 52.92% of the issued share capital of our Company. Accordingly, Shengfu International, Mr. Hu and Ms. Wei constitute a group of our Controlling Shareholders under the Listing Rules.

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.

SUMMARY KEY FINANCIAL INFORMATION

The summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountant's Report attached as Appendix I to this prospectus, as well as the information set forth in "Financial Information." Our audited consolidated financial information was prepared in accordance with HKFRSs.

Selected Items of Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Revenue	**397,833**	**512,850**	**692,319**
Cost of sales	(302,714)	(367,924)	(456,562)
Gross profit	95,119	144,926	235,757
Operating profit	33,649	69,948	135,790
Profit before income tax	31,720	67,890	136,321
Profit for the year	**22,462**	**50,550**	**105,807**
Profit is attributable to:			
– Owners of the Company	22,361	49,396	97,190
– Non-controlling interests	101	1,154	8,617

Selected Items of Consolidated Balance Sheets

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Non-current assets	72,792	60,285	24,254
Current assets	243,140	384,475	420,689
Current liabilities	202,703	285,846	353,889
Net current asset	40,437	98,629	66,800
Non-current liabilities	11,054	9,858	2,626
Total equity attributable to owners of the Company	98,615	150,814	75,870
Non-controlling interests	3,560	(1,758)	12,558
Total equity	102,175	149,056	88,428

Our net current assets increased from RMB40.4 million as of December 31, 2018 to RMB98.6 million as of December 31, 2019, primarily due to an RMB141.3 million increase in current assets primarily driven by increases in inventories, financial assets at fair value through profit or loss, trade and other receivables and prepayments and cash and cash equivalents in line with our business growth.

Our net current assets decreased from RMB98.6 million as of December 31, 2019 to RMB66.8 million as of December 31, 2020, primarily due to an RMB68.0 million increase in current liabilities primarily driven by increases in trade and other payables and contract liabilities as a result of the increase in properties under management.

Our net asset decreased from RMB149.1 million as of December 31, 2019 to RMB88.4 million as of December 31, 2020, reflecting decreases in equity which were primarily attributable to deemed distribution to our then shareholders of approximately RMB128.5 million in 2020 and dividends declared by one of our subsidiaries to its then shareholders of approximately RMB69.2 million in 2020, partially offset by our profit for the year of approximately RMB105.8 million and capital contribution from the then shareholder of RMB15.0 million.

Selected Items of Consolidated Statements of Cash Flow

	Year ended December 31,		
	2018	2019	2020
	(RMB in thousands)		
Operating cash flows before changes in working capital	45,393	79,373	143,908
Changes in working capital	(25,041)	(20,865)	129,143
Cash generated from operations	20,352	58,508	273,051
Income tax paid	(3,405)	(9,535)	(14,706)
Net cash flows generated from operating activities	16,947	48,973	258,345
Net cash flows (used in)/generated from investing activities	(29,348)	(16,935)	65,274
Net cash flows generated from/(used in) financing activities	5,692	(7,652)	(199,165)
Net (decrease)/increase in cash and cash equivalents	(6,709)	24,386	124,454
Cash and cash equivalents at beginning of year	87,081	80,372	104,758
Cash and cash equivalents at end of year	80,372	104,758	229,212

Summary of Key Financial Ratios

	As of or for the year ended December 31,		
	2018	2019	2020
Current ratio	1.2	1.3	1.2
Gearing ratio	24.0%	17.8%	–
Return on total assets	8.2%	13.3%	23.8%
Return on equity	27.9%	40.2%	89.1%

See "Financial Information—Summary of Key Financial Ratios."

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 250,000,000 Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 1,000,000,000 Shares are issued and outstanding upon completion of the Global Offering.

	Based on an Offer Price of HK$2.66 per Offer Share	Based on an Offer Price of HK$3.44 per Offer Share
Market capitalization of our Shares	HK$2,660 million	HK$3,440 million
Unaudited pro forma adjusted net tangible asset value per Share(1)	HK$0.70	HK$0.89

Note:

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

USE OF PROCEEDS

We estimate that we will receive net proceeds of HK$694.9 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering, without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme, assuming an Offer Price of HK$3.05 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 the net proceeds of the Global Offering for the following purposes and in the amounts set forth below:

- Approximately 65.0% or HK$451.7 million, will be used to expand our business scale and market share through multiple channels.

- Approximately 10.0% or HK$69.5 million, will be used to diversify and expand our service offerings.

- Approximately 10.0% or HK$69.5 million, will be used to invest in information technologies and our internal management system(s) to improve service quality and customer experience.

- Approximately 5.0% or HK$34.7 million, will be used to improve human resource management and enhance corporate culture.

- Approximately 10.0% or HK$69.5 million, will be used for working capital and other general corporate purposes.

According to CIA, the property management industry in the PRC is highly fragmented with significant potential for consolidation and there is a sufficient number of suitable target companies available in the market that meet our criteria. As advised by CIA, as of December 31, 2020, there were approximately 800 property management companies which met our criteria of having GFA under management of at least 3.0 million sq.m. and annual revenue of at least RMB50.0 million for the most recent financial year.

Many property management companies listed on the Stock Exchange are looking to acquire other property management companies to further expand their business scope and geographic reach. As a result, we may not be able to materialize our plan to acquire independent third-party property management companies with geographical influence and similar market positioning. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our exiting operation." If our future acquisition plan cannot materialize, we will (i) continue exploring new acquisition targets; (ii) continue expanding our market share by obtaining engagements from new customers through improving service quality and enhancing our brand recognition; (iii) enhance our relationship with existing customers to obtain new engagements; and (iv) acquire new property management service agreements through participating in public tenders.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to hold such funds in short-term demand deposits with licensed banks to avoid investment risks. See "Risk Factors—Risks Relating to the Global Offering—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."

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

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Business Operations and Financial Position Subsequent to the Track Record Period

Since December 31, 2020 and up to the Latest Practicable Date, we had entered into 36 property management service agreements with an aggregate contracted GFA of approximately 3.7 million sq.m. Material contract terms of these 36 agreements are generally comparable to those of the property management service agreements entered into during the Track Record Period. Among these 36 property management service agreements, 14 were related to the provision of property management services to properties developed by Dexin Group, and 22 were related to the provision of property management services to properties developed by independent third-party property developers. Moreover, among these 36 property management service agreements, 24 were related to the provision of property management services to residential properties and 12 were related to the provision of property management services to non-residential properties.

Based on our preliminary internal record, our revenue for the four months ended April 30, 2021 increased as compared to the same period in 2020, primarily due to (i) an increase in revenue from property management services as a result of an increase in the number of properties and GFA under management; and (ii) an increase in revenue from community value-added services and revenue from preliminary planning and design consultancy services in the value-added services to non-property owners as compared with the four months ended April 30, 2020.

Our Directors have confirmed that, since December 31, 2020 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountant's Report included in Appendix I to this prospectus.

COVID-19 Pandemic

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was reported in December 2019 and continues to expand globally. In March 2020, the World Health Organization characterized the outbreak of COVID-19 as a pandemic. The COVID-19 pandemic is likely to have an adverse impact on the livelihood of the people in, and the economy of, the PRC.

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no cases of COVID-19 infection of our staff and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. We are of the view that the COVID-19 pandemic will not have any material adverse impact on our property management services as our GFA under management and contracted GFA continued to increase as of December 31, 2020 as compared to December 31, 2019. Up to the Latest Practicable Date, there were no delays in delivery of properties for property management services we have contracted and we do not expect any delay in delivery of properties for the contracted property management services as a result of the COVID-19 pandemic. Our value-added services to non-property owners and community value-added services, to a lesser extent, have been affected. Since the outbreak of COVID-19 pandemic and up to the Latest Practicable Date, there were delays in the overall property development process and hence our sales office management service and home decoration services were affected. However, the lockdown measures imposed in many regions have also led to residents' increasing reliance on our services to address their daily living needs, which presents us significant opportunities to expand our community retail and home services. In general, we anticipate that the COVID-19 pandemic will not have any material adverse impact on our financial condition and the results of operations. From February 2020 and up to the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced hygiene and precautionary measures of approximately RMB2.6 million. Our Directors confirm that the COVID-19 pandemic and the additional costs associated with the enhanced hygiene and precautionary measures did not have a significant impact on our financial position or results of operations for the year ended December 31, 2020, and will not have any material adverse impact on our financial position or results of operations for the year ending December 31, 2021. Moreover, we received a one-off exemption of social insurance contribution of approximately RMB4.7 million pursuant to policies issued by the Ministry of Human Resources and Social Security and its local counterparts to support enterprises to overcome economic difficulties caused by the COVID-19 pandemic in 2020. In the very unlikely event that we are forced to reduce or suspend a substantial part of our business operations due to the COVID-19 pandemic, we estimate that our existing financing resources (including cash and cash equivalents) as of December 31, 2020 and the 10% of the proceeds from the Global Offering allocated for general business operations and working capital, and based on the following assumptions, we will remain financially viable for at least 25 months from January 1, 2021. Key assumptions for the above estimates include: (i) we do not generate any cash flow from operating activities; (ii) proceeds of approximately HK$69.5 million, being 10% of the proceeds from Global Offering for general working capital purpose, is expected to be received upon the Listing; (iii) we do not undertake any acquisitions; (iv) future cash outflow only takes into considerations the necessary spending in operations, selling and administrative activities; and (v) the existing trade receivables as of December 31, 2020 will be recovered based on historical settlement pattern.

We believe that our expansion plan as discussed "Business—Business Strategies" is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 pandemic. However, we are still subject to certain risks caused by the COVID-19 pandemic. For details, see "Business—Effects of the COVID-19 Pandemic" and "Risk Factors—Risks Relating to Our Business and Industry—Our business operations may be affected by the COVID-19 pandemic."

DIVIDEND AND DISTRIBUTABLE RESERVES

Shengquan Property declared dividends of RMB11.2 million and RMB69.2 million in 2018 and 2020, respectively, to its then shareholders, which did not include the subsidiaries of our Company. The aforementioned dividends declared were settled during the Track Record Period. Our Company did not declare any dividends during the Track Record Period. Any declaration of dividends is subject to our results of operations, working capital and cash position, future business and earnings, capital requirement, among other things. The payment and the amount of any future dividends, if any, will be at the sole discretion of our Board of Directors and will also depend on above-mentioned factors and various other factors that our Board of Directors deem relevant. As of December 31, 2020, our Group had retained earnings of RMB76.0 million. The retained earnings are reserves available for distribution to our equity Shareholders.

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 RMB56.0 million (based on the midpoint of the indicative Offer Price range and assuming the Over-allotment Option is not exercised) of which (i) approximately RMB12.3 million was charged to our consolidated statement of comprehensive income in 2020; (ii) approximately RMB14.7 million will be charged to our consolidated statement of comprehensive income for the year ending December 31, 2021; and (iii) approximately RMB29.0 million is expected to be accounted for as a deduction from equity upon the Listing. Our listing expenses are estimated to account for approximately 8.9% of our gross proceeds from the Global Offering (based on the midpoint of the indicative Offer Price range and assuming the Over-allotment Option is not exercised). The professional fees and/or other expenses related to the preparation of the 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 do not expect that our listing expenses will adversely affect our financial performance for the year ending December 31, 2021.

SUMMARY OF MATERIAL RISK FACTORS

Our business is subject to certain risks including those set out in "Risk Factors" in this prospectus. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in the Offer Shares.

We believe some of the more significant risk factors include:

- our future growth may not materialize as planned;
- we may fail to secure new or renew our existing property management service agreements on favorable terms, or at all;
- our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation;
- our results of operations during the Track Record Period may not be indicative of our future prospects and results of operations;
- a significant portion of our operations is concentrated in Zhejiang Province and the Yangtze River Delta Region, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions;
- we may face increases in our staff and subcontracting costs; and
- we incurred losses during the Track Record Period with respect to certain of our property management service agreements on a lump sum basis.

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

"Accountant's Report"	the accountant's report prepared by our reporting accountant, the text of which is set out in Appendix I to this prospectus
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them in relation to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the amended and restated articles of association of the Company, conditionally adopted on June 21, 2021 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 "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Capitalization Issue"	the issue of 749,998,947 Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed "Statutory and General Information—A. Further Information about Our Company—5. Written resolutions of our Shareholders passed on June 21, 2021" in Appendix IV to this prospectus
"Cayman Islands Companies Act" or "Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented from time to time

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations 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, references in this prospectus to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
"CIA"	China Index Academy, our industry consultant and an Independent Third Party
"CIA Report"	an independent market research report prepared by CIA, which was commissioned by our Company for the purpose of this prospectus
"Circular 37"	Notice of the SAFE on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知)
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Dexin Services Group Limited (德信服务集团有限公司), an exempted company incorporated in the Cayman Islands with limited liability on October 22, 2020
"Company Law" or "PRC Company Law"	Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, and further amended on December 28, 2013 and October 26, 2018, respectively as amended, supplemented and otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Mr. Hu, Ms. Wei and Shengfu International, and a Controlling Shareholder shall mean any one of them
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2
"Createwisdom"	Createwisdom International Limited (创智国际有限公司), a company incorporated in the BVI with limited liability on January 25, 2018 and wholly owned by Mr. Chen Yue (陳躍), being one of our Pre-IPO Investors
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

"Deed of Indemnity"	the deed of indemnity dated June 22, 2021 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed "Statutory and General Information—E. Other Information—1. Tax and other indemnities" in Appendix IV to this prospectus
"Deed of Non-Competition"	the deed of non-competition dated June 22, 2021 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders — Deed of Non-Competition" in this prospectus
"Deqing Kaibang"	Deqing Kaibang Investment Partnership (Limited Partnership) (德清凱邦投資合伙企業(有限合伙)), a limited partnership that is owned as to approximately 0.05% by Hangzhou Hengyi Equity Investment Partnership (Limited Partnership) (杭州恒益股權投資合伙企業(有限合伙)) (as a general partner which was controlled as to approximately 91.61% by Mr. Hu and 8.39% by Ms. Wei), 10.60% by Mr. Tang Junjie (唐俊杰), 1.70% by Ms. Zhu Xiaoli (朱曉莉) (both our executive Directors), 4.50% by Mr. Liu Yibing (劉義兵), 1.25% by Mr. Chen Xin (陳昕), 1.50% by Ms. Zhao Lixiang (趙麗湘), 1.20% by Mr. Zheng Mingjun (鄭明軍) (each of them a member of the senior management of our Company), and 79.25% by our employees (all as limited partners)
"Dexin China"	Dexin China Holdings Company Limited (德信中国控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 16, 2018, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2019)
"Dexin Duofang"	Hangzhou Dexin Duofang Property Service Co., Ltd. (杭州德信多方物業服務有限公司), a company established in the PRC with limited liability on June 7, 2021 and an indirect subsidiary of our Company owned as to 60% by Shengquan Property and 40% by Zhejiang Duofang Holdings Co., Ltd. (浙江多方控股有限公司), an Independent Third Party
"Dexin Group"	Dexin China and its subsidiaries

"Dexin Holdings"	Dexin Holdings Group Co., Ltd. (德信控股集團有限公司) (formerly known as Zhejiang Dexin Investment Holdings Co., Ltd. (浙江德信投資控股有限公司) and Zhejiang Dexin Holdings Co., Ltd. (浙江德信控股集團有限公司)), a company established in the PRC with limited liability on May 16, 2003 and owned as to approximately 91.61% by Mr. Hu and 8.39% by Ms. Wei
"Dexin Property"	Dexin Property Services Co., Ltd. (德信物業服務有限公司), a company established in the PRC with limited liability on January 2, 2019 and an indirect wholly-owned subsidiary of our Company
"Dexin Real Estate"	Dexin Real Estate Group Co., Ltd. (德信地產集團有限公司) (formerly known as Zhejiang Dexin Real Estate Co., Ltd. (浙江德信置業有限公司) and Deqing County Real Estate Co., Ltd. (德清縣中房置業有限公司)), a company established in the PRC with limited liability on September 1, 1995 and an indirect wholly-owned subsidiary of Dexin China
"Dexin Yunchuang"	Deqing Dexin Yunchuang Investment Management Partnership (Limited Partnership) (德清德信雲創投資管理合伙企業(有限合伙)), a partnership established on March 14, 2017 and is owned as to 1.0% by Fanchuang Investment Co., Ltd. (泛創投資有限公司) (as a general partner) and 99.0% by Dexin Holdings (as a limited partner)
"Director(s)"	director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), enacted on March 16, 2007, effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively by the SCNPC, as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Hangzhou Deyu"	Hangzhou Deyu Commercial Management Co., Ltd. (杭州德域商業管理有限公司), a company established in the PRC with limited liability on September 14, 2020 and an indirect non-wholly owned subsidiary of our Company which is owned as to 70% by Shengquan Property and 30% by Deqing Bohan Investment Management Partnership (Limited Partnership) (德清博瀚投資管理合伙企業(有限合伙)), an Independent Third Party
"Hangzhou Fengtang"	Hangzhou Fengtang Asset Management Partnership (Limited Partnership) (杭州豐棠資產管理合伙企業(有限合伙), a limited partnership established in the PRC and an Independent Third Party
"Hangzhou Julin"	Hangzhou Julin Lifestyle Services Co., Ltd. (杭州桔鄰生活服務有限公司), a company established in the PRC on November 2, 2018 and an indirect wholly-owned subsidiary of our Company
"Hangzhou Junde"	Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司), a company established in the PRC with limited liability on May 16, 2019 and an indirect wholly-owned subsidiary of our Company
"Hangzhou Rongyun"	Hangzhou Rongyun Business Services Co., Ltd. (杭州融運商務服務有限公司), a company established in the PRC with limited liability on March 13, 2014 and an indirect wholly-owned subsidiary of our Company

"Hangzhou Xiangyu"	Hangzhou Xiangyu Property Management Services Co., Ltd. (杭州祥寓物業管理服務有限公司) (formally known as Hangzhou Xiangyu Apartment Management Co., Ltd. (杭州祥寓公寓管理有限公司)), a company established in the PRC with limited liability on September 14, 2020 and an indirect non-wholly owned subsidiary of our Company which is owned as to 68% by Shengquan Property, 24% by Deqing Xuchi Investment Management Partnership (Limited Partnership) (德清栩馳投資管理合伙企業(有限合伙)) and 8% by Deqing Yuting Investment Management Partnership (Limited Partnership) (德清寓庭投資管理合伙企業(有限合伙)), both Independent Third Parties
"HK Mei Lun"	HONG KONG MEI LUN INT'L CO., LIMITED (香港美侖國際有限公司), a company incorporated in the BVI with limited liability on May 3, 2014 and owned as to approximately 93.9% by Ms. Shen Yuehua (沈月華) and 6.1% by Mr. Jin Liang (金糧), being one of our Pre-IPO Investors
"HKAS(s)"	Hong Kong Accounting Standards
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s) (including HKASs and Interpretations) issued by the HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 25,000,000 Offer Shares initially being offered by the Company for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in "Structure of the Global Offering" in this prospectus

"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on and subject to the terms and conditions of this prospectus and the Application Forms, as further described in "Structure of the Global Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 28, 2021 relating to the Hong Kong Public Offering and entered into by our Company, our Controlling Shareholders, the Sole Sponsor and the Hong Kong Underwriters, as further described in "Underwriting—Underwriting Arrangements and Expenses" in this prospectus
"Huzhou Guomao"	Huzhou Guomao Property Co., Ltd. (湖州國貿物業有限責任公司), a company established in the PRC with limited liability on July 12, 2001 and an indirect non-wholly owned subsidiary of our Company which is owned as to 60% by Shengquan Property and 40% by Huzhou Lvtou Asset Management Co., Ltd. (湖州旅投資產管理有限公司), an Independent Third Party
"Independent Third Party(ies)"	individual(s) or company(ies), who/which, to the best of Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company and our connected persons
"International Offer Shares"	the 225,000,000 Offer Shares initially being offered by the 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 of the Global Offering" in this prospectus

"International Offering"	the offer 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 of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Sole Global Coordinator and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—The International Offering" in this prospectus
"Joint Bookrunners"	CCB International Capital Limited, China Industrial Securities International Capital Limited, Zhongtai International Securities Limited and Vision Capital International Holdings Limited
"Joint Lead Managers"	CCB International Capital Limited, China Industrial Securities International Capital Limited, Zhongtai International Securities Limited, Vision Capital International Holdings Limited and Futu Securities International (Hong Kong) Limited
"Kaibang International"	Kaibang International Limited (凯邦国际有限公司), a company incorporated in the BVI with limited liability on October 7, 2020 and owned as to approximately 10.61% by Mr. Tang Junjie (唐俊杰), 1.70% by Ms. Zhu Xiaoli (朱曉莉) (both our executive Directors), 4.50% by Mr. Liu Yibing (劉義兵), 1.50% by Ms. Zhao Lixiang (趙麗湘), 1.25% by Mr. Chen Xin (陳昕), 1.20% by Mr. Zheng Mingjun (鄭明軍) (each of them a member of the senior management of our Company) and 79.24% by our employees
"Latest Practicable Date"	June 20, 2021, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Lending Shareholder"	Shengfu International

"Listing"	the listing of the Shares in the Main Board
"Listing Date"	the date on which dealings in the Shares on the Main Board first commence
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), the MOFCOM, the SAT, the SAIC, the CSRC and the SAFE on August 8, 2006 and re-issued by the MOFCOM on June 22, 2009
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Meihao Holdings"	Meihao Holdings Group Co., Ltd. (美好控股集團有限公司), a company established in the PRC with limited liability on March 12, 2001 and owned as to approximately 93.97% by Ms. Shen Yuehua (沈月華) and 6.03% by Mr. Jin Liang (金糧)
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, conditionally adopted on June 21, 2021 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 "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)

"MOHURD" or "Ministry of Construction"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
"Mr. Hu"	Mr. Hu Yiping (胡一平), our executive Director and one of our Controlling Shareholders
"Ms. Wei"	Ms. Wei Peifen (魏佩芬), the spouse of Mr. Hu and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEEQ"	the National Equities Exchange and Quotations Co., Ltd., a PRC over-the-counter system for trading shares of public companies
"Ningbo Consultation"	Ningbo Dexin Shengquan Property Consultation Services Co., Ltd. (寧波德信盛全物業諮詢服務有限公司), a company established in the PRC with limited liability on November 16, 2020 and an indirect wholly-owned subsidiary of our Company
"Ningbo Dexin"	Ningbo Dexin Shengquan Property Services Co., Ltd. (寧波德信盛全物業服務有限公司), a company established in the PRC with limited liability on October 13, 2020 and an indirect wholly-owned subsidiary of our Company
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final Hong Kong dollar price per Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for pursuant to the Global Offering and to be determined in the manner described in "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares

"Over-allotment Option"	the option expected to be granted by the Company to the International Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) under the International Underwriting Agreement, pursuant to which the Company may be required to allot and issue up to 37,500,000 additional Shares (representing 15% of the Offer Shares initially being offered under the Global Offering) at the Offer Price, to cover over-allocations of the International Offering, if any, as further described in "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Pizhou Detian"	Pizhou Detian Property Co., Ltd. (邳州德田物業有限公司), a company established in the PRC with limited liability on December 3, 2020 and an indirect non-wholly owned subsidiary of our Company which is owned as to 51% by Shengquan Property and 49% by Pizhou Longhai City Development Construction Co., Ltd. (邳州市隴海城鄉開發建設有限公司), an Independent Third Party (other than being substantial shareholder of Pizhou Detian)
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisors"	Commerce & Finance Law Offices, legal advisors to the Company on PRC laws in connection with the Global Offering
"Pre-IPO Investors"	HK Mei Lun and Createwisdom
"Price Determination Date"	the date, expected to be on or around July 8, 2021 but no later than July 14, 2021, on which the Offer Price is to be determined by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) for the purposes of the Global Offering
"Principal Share Registrar"	Conyers Trust Company (Cayman) Limited
"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 the section headed "History, Reorganization and Corporate Structure—Reorganization" in this prospectus
"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), including, as the context may require, its local counterparts, which was merged into the State Administration of Market Regulation (中國國家市場監督管理監管總局)
"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 Dexin"	Shanxi Dexin Shengquan Property Services Co., Ltd. (山西德信盛全物業服務有限公司), a company established in the PRC with limited liability on October 27, 2020 and an indirect non-wholly owned subsidiary of our Company which is owned as to 51% by Shengquan Property, 24.5% by Mr. Zhao Feng, an Independent Third Party, and 24.5% by Mr. Zhao Jiulin, a director of Shanxi Dexin
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board

"Share Option Scheme"	the share option scheme conditionally adopted by our Company on June 21, 2021, a summary of the principal terms and conditions of which are set forth in "Statutory and General Information—D. Share Option Scheme" in Appendix IV to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Shengfu International"	Shengfu International Limited (盛富国际有限公司), a company incorporated in the BVI with limited liability on September 29, 2020 and one of our Controlling Shareholders
"Shengping International"	Shengping International Limited (盛平国际有限公司), a company incorporated in the BVI with limited liability on October 26, 2020 and a direct wholly-owned subsidiary of our Company
"Shengquan HK"	SHENG QUAN HOLDING (HONG KONG) LIMITED (盛全控股(香港)有限公司), a company incorporated in Hong Kong with limited liability on November 2, 2020 and an indirect wholly-owned subsidiary of our Company
"Shengquan Holdings"	Shengquan Holdings Co., Ltd. (盛全控股有限公司), a company established in the PRC with limited liability on April 2, 2014 and a direct wholly-owned subsidiary of Dexin Holdings
"Shengquan Property"	Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (formerly known as Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司)), a company established in the PRC with limited liability on March 29, 2004 and an indirect wholly-owned subsidiary of our Company
"Shengquan Security"	Zhejiang Shengquan Security Services Co., Ltd. (浙江盛全保安服務有限公司), a company established in the PRC with limited liability on June 25, 2015 and an indirect wholly-owned subsidiary of our Company
"Shengquan Technology"	Zhejiang Shengquan Technology Co., Ltd. (浙江盛全科技有限公司), a company established in the PRC with limited liability on November 16, 2020 and an indirect wholly-owned subsidiary of our Company
"Sole Global Coordinator"	CCB International Capital Limited

"Sole Sponsor" or "CCBI"	CCB International Capital Limited
"Stabilizing Manager"	CCB International Capital Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilizing Manager and the Lending Shareholder on or about the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the period comprising the three years ended December 31, 2018, 2019 and 2020
"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
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$"	U.S. dollars, the lawful currency of the United States
"Wenzhou Shengquan"	Wenzhou Shengquan Property Services Co., Ltd. (溫州盛全物業服務有限公司), a company established in the PRC with limited liability on August 20, 2020 and an indirect wholly-owned subsidiary of our Company
"**WHITE** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's/applicants' own name(s)

"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** service provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xier Technology"	Hangzhou Xier Technology Co., Ltd. (杭州悉爾科技有限公司), a company established in the PRC with limited liability on September 24, 2015 and an indirect non-wholly owned subsidiary of our Company which is owned as to 51.0% by Shengquan Property, 22.1% by Deqing Xiyou Enterprise Management Partnership (Limited Partnership) (德清悉優企業管理合伙企業(有限合伙)) and 26.9% by Deqing Hongxiang Enterprise Management Partnership (Limited Partnership) (德清虹祥企業管理合伙企業(有限合伙)), both Independent Third Parties (other than being substantial shareholders of Xier Technology)
"**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 Offer Shares to be deposited directly into CCASS
"Zhejiang Shengjie"	Zhejiang Shengjie Environment Engineering Co., Ltd. (浙江盛潔環境工程有限公司), a company established in the PRC with limited liability on May 8, 2014 and an indirect wholly-owned subsidiary of our Company
"Zhida Xiaorui"	Zhi Da Xiao Rui (Hong Kong) Limited (智大曉瑞 (香港) 有限公司), a company incorporated in Hong Kong with limited liability on October 14, 2020 and an indirect wholly-owned subsidiary of our Company
"Zhirui International"	Zhirui International Limited (智瑞国际有限公司), a company incorporated in the BVI with limited liability on September 21, 2020 and a direct wholly-owned subsidiary of our Company

Unless the content otherwise requires, references to "2018", "2019" and "2020" in this prospectus refer to our financial year ended December 31 of such year.

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

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

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

"average property management fee(s)"	calculated as the sum of the property management fees collected during a specified period under lump sum basis, divided by the total GFA managed during that same period and adjusted by (a) the average proportion of our GFA under management to revenue-bearing GFA during the Track Record Period, and (b) the actual number of months under management for each property
"CAGR"	compound annual growth rate
"commission basis"	a revenue-generating model whereby we collect a percentage of the total amount of property management fees that our customers pay on a monthly basis
"common area(s)"	common areas in residential properties such as lobbies, hallways, stairways, carparks, elevators and gardens, among other things
"contracted GFA"	GFA managed or to be managed by our Group under our operating property management service agreements, including both GFA under management and undelivered GFA
"first-tier cities"	as of the Latest Practicable Date, included Beijing, Shanghai, Guangzhou and Shenzhen in the PRC, according to the National Bureau of Statistics of the PRC (中國國家統計局資料)
"GDP"	gross domestic product
"GFA"	gross floor area
"GFA under management"	GFA managed by our Group under operating property management service agreements
"Internet" or "internet"	international network that links together computers and allows data to be transferred between each computer using the TCP/IP protocols

"IoT" or "Internet of Things"	a network of physical devices, vehicles, buildings and other items embedded with electronics, software, sensors and network connectivity that enable these items to collect and exchange data
"lump sum basis"	a revenue-generating model for our property management business line whereby we charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our employees and subcontractors. Property developers, property owners and residents will be responsible for paying our property management fees for the sold and unsold units respectively on a monthly basis
"new first-tier cities"	according to CIA, as of December 31, 2020, included Chengdu, Chongqing, Hangzhou, Wuhan, Xi'an, Tianjin, Suzhou, Nanjing, Zhengzhou, Changsha, Dongguan, Shenyang, Qingdao, Hefei and Foshan as specified by New First-tier Cities Research Institute of Yicai Media Group
"Province" or "province"	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government
"residential communities" or "residential property(ies)"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"retention rate"	the aggregate number of properties under management as of the end of a period divided by the aggregate number of properties under management as of the end of the period and properties we cease to manage during the same period

"second-tier cities"	as of the Latest Practicable Date, included 31 major cities, other than first-tier cities in the PRC, as categorized by the National Bureau of Statistics of the PRC, including provincial capitals, administrative capitals of autonomous regions, direct-controlled municipalities and other major cities designated as "municipalities with independent planning" by the State Council of the PRC
"sq.m."	square meter(s)
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strength published by CIA solely or jointly with other institution(s) based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility of such companies in the preceding year, which comprised 200, 200, 220, 244 and 264 companies respectively, for rankings published in 2017, 2018, 2019, 2020 and 2021, respectively. The number of companies for each of 2016, 2017, 2018, 2019 and 2020 exceeded 100 as multiple companies with the same or very close scores were assigned the same ranking
"undelivered GFA"	contracted GFA of properties that are not ready to be delivered in relation to which the provision of property management services has not started as of the relevant date
"Yangtze River Delta Region"	a geographical region in the PRC covering that is regarded as Shanghai Municipality, Zhejiang, Jiangsu and Anhui Provinces for purposes of this prospectus

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

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

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

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

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

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

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

An investment in our Offer 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 Offer Shares. You should pay particular attention to the fact that our subsidiaries in China are located in a legal and regulatory environment that in some respects differ significantly from that of other countries. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial position and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth may not materialize as planned.

Deeply rooted in the Yangtze River Delta Region with an important market position in Zhejiang Province, we have successfully expanded our business to the Yangtze River Delta Region (excluding Zhejiang Province) and cities in other parts of the PRC that have high growth potential. As of December 31, 2020, we were contracted to manage 241 properties with an aggregate contracted GFA of 38.0 million sq.m., covering 33 cities across 11 provinces in the PRC. For further details, see "Business—Property Management Services." We plan to further solidify our market position in Zhejiang Province and expand our market share in the Yangtze River Delta Region (excluding Zhejiang Province) and other regions in the PRC. 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 and social conditions in general and the real estate market and property management industry in particular;
- changes in per capita disposable 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 and community value-added services;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;

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

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

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

- our ability to manage any issues arising from unexpected natural disasters, epidemics, acts of terrorism or war;

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

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

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

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

We believe that our ability to expand our portfolio of property management service agreements is key to the sustainable growth of our business. During the Track Record Period, we generally obtained new property management service agreements by participating in tenders. During the Track Record Period, our tender success rate with respect to properties developed by Dexin Group was 100.0%. In 2018, 2019 and 2020, we submitted a total of 29, 22 and 38 tender bids for property management projects developed by independent third-party property developers, respectively, and our tender success rate for the same years was approximately 58.6%, 63.6% and 65.8%, respectively. The selection of a property management company depends on a number of factors, including service quality, industry reputation, 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 other things, changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within the PRC property management industry.

In 2018, 2019 and 2020, our retention rate for property management service agreements was 94.7%, 92.9% and 93.1%, respectively. During the Track Record Period, we entered into preliminary property management service agreements with property developers during early stages of property development. Such agreements are transitional in nature, which are entered into before the transfer of legal and actual control of the properties from property developers to property owners (if any). Preliminary property management service agreements typically expire when property owners' associations are established and new property management service agreements are entered into. For more information, see "Business—Property Management Services—Property Management Service Agreements" in this prospectus. To continue managing the property, we would have to enter into a new property management service agreement with the property owners' association. There is no guarantee that property owners' associations will enter into new property management service agreements with us instead of our competitors. We may therefore bear the risk of termination of rendering services to the existing properties 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. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service agreements on favorable terms, or at all. Moreover, both termination and non-renewal may be detrimental to our reputation and 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 plan 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, service and geographical coverage. See "Future Plans and Use of Proceeds" in this prospectus for more details. However, there can be no assurance that we will be able to identify suitable opportunities. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

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

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

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.

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. Further, in terms of our property sales and assistance services, since our carpark sales services model changed from purchase and resale of carparks (where carpark sales were recognized as revenue) to a commission-based model (where commission is recognized as revenue) in the second half of 2020, hence the financial information of the carpark sales services during and after the Track Record Period may not be comparable. As such, the results of operations of our property sales and assistance services during the Track Record Period may not be indicative of the future prospects of such services. In addition, we may continue to devote significant resources to develop our value-added services, which require substantial capital, personnel and technological support. This initiative could negatively impact our short-term profitability and cash flows. If our business expansion prove ineffective, and we fail to increase revenue, or if our costs and operating expenses grow faster than our revenue, our business, financial position and results of operations may be negatively affected.

A large portion of our revenue is generated from services provided with respect to properties developed by Dexin Group and its joint ventures and associates, which we do not have control over.

During the Track Record Period, a large portion of our revenue was derived from property management services provided to properties developed by Dexin Group and Dexin Group's joint ventures and associates. In 2018, 2019 and 2020, our revenue generated from providing property management services to properties solely and jointly developed by Dexin Group amounted to RMB70.1 million, RMB100.5 million and RMB153.8 million, respectively, accounting for 26.1%, 32.4% and 41.5%, respectively, of our total revenue generated from property management services in the same years. However, we do not have control over the business strategy of Dexin Group or its joint ventures and associates, nor the macroeconomic or other factors that affect their business operations and financial positions. Any adverse development in the business or financial positions of Dexin Group or its joint ventures and associates or their respective ability to develop properties may materially and adversely affect our ability to procure new property management services. 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 condition and results of operations.

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

Headquartered in Zhejiang Province, we have successfully expanded our business to economically developed Yangtze River Delta Region (excluding Zhejiang Province). As of December 31, 2020, we had 175 properties under management including 133 in Zhejiang Province and 38 in the Yangtze River Delta Region (excluding Zhejiang Province). Our revenue generated from property management services in Zhejiang Province accounted for approximately 57.9%, 61.1% and 71.5%, respectively, of our total revenue from property management services in 2018, 2019 and 2020; our revenue generated from property management services in the Yangtze River Delta Region (excluding Zhejiang Province) accounted for approximately 37.2%, 34.0% and 25.9%, respectively, of our total revenue from property management services in 2018, 2019 and 2020. Given such concentration, any material adverse social, economic or political development in or any natural disaster or epidemic affecting Zhejiang Province and the Yangtze River Delta Region will materially and adversely affect our business, financial condition and results of operations.

We may face increases in our staff and subcontracting costs.

In 2018, 2019 and 2020, our staff costs accounted for 35.9%, 30.6% and 28.1%, respectively, of our total cost of sales. We delegate certain services such as security, cleaning and greening services to third-party subcontractors. During the same years, our subcontracting costs (representing security, cleaning and greening costs) accounted for 48.7%, 50.5% and 49.1%, respectively, of our total cost of sales. Since our staff and subcontracting costs together accounted for a significant portion of our cost of sales, we believe that controlling and reducing our staff and subcontracting costs is crucial for us to maintain and improve our profit margins.

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

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

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

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

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

We incurred losses during the Track Record Period with respect to certain of our property management service agreements on a lump sum basis.

We generated a substantial portion of our revenue from property management services on a lump sum basis, which accounted for 99.9%, 99.9% and 99.9% of our revenue from property management services in 2018, 2019 and 2020, respectively. On a lump sum basis, we charge property management fees at a pre-determined fixed price per sq.m. per month, representing all-inclusive fees for the property management services provided. When total costs and expenses incurred exceed the amount of property management fees we receive, we bear the shortfall and may not charge additional fees from property developers, property owners or residents during the agreement term. In 2018 and 2019, we incurred aggregate gross losses of RMB0.3 million and RMB0.4 million, respectively, with respect to five and one properties under our management, respectively. We did not incur gross losses with respect to properties under our management in 2020. We incurred gross losses with respect to these properties primarily because we had managed these loss-making properties for a long time without upward adjustments in pricing. Our revenue from property management services from such loss-making properties was approximately RMB5.1 million and RMB3.0 million in 2018 and 2019, respectively, representing 1.9% and 1.0%, respectively, of our revenue from property management services for the same years.

To avoid losses, we can either improve our fee rates when renewing service agreements, or control our costs and expenses through a series of cost-saving initiatives. We are subject to pricing guidances for our property management fees in certain cities of the PRC. In those cities, relevant pricing guidances may limit our abilities to raise our fee rates, which may adversely affect our results of operations and financial condition. See "Regulatory Overview—Regulations on Property Management Service—Regulations on the Fees Charged by Property Management Enterprise" for more details. We cannot guarantee that we will successfully raise our fee rates; nor can we guarantee that the cost-saving initiatives will achieve their intended results, which could materially and adversely affect our results of operations and financial condition.

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

We delegate certain property management services, such as security, cleaning and greening services, to third-party subcontractors. In 2018, 2019 and 2020, our subcontracting costs (representing security, cleaning and greening costs) amounted to approximately RMB147.3 million, RMB186.0 million and RMB224.3 million, respectively, representing approximately 48.7%, 50.5% and 49.1%, respectively, of our total cost of sales for the same years. We select our third-party subcontractors based on factors such as amount of registered capital, length of existence, size of overall operations, industry credentials and past cooperation with us. We also impose internal quality control measures on our subcontractors, and regularly monitor and evaluate the performance of the subcontractors and may require the subcontractors to take necessary rectification measures when their services do not meet the agreed standards. See "Business—Quality Control—Quality Control of Subcontractors" in this prospectus for further details. However, we cannot assure you that they will always perform in accordance with our expectations. They may act in ways contrary to our or our customers' instructions, their contractual obligations and our quality standards and operational procedures. We may also fail to monitor their performance as directly and effectively as with our own employees. As a result, we are subject to risks associated with being responsible for any sub-standard performance by our third-party subcontractors, including but not limited to litigation, reputational damage, disruptions to our business, termination or non-renewal of our service agreements and monetary claims from our customers. We may also incur extra costs in order to monitor or replace third-party subcontractors which do not perform in accordance with our expectations, or mitigate or compensate damages incurred by such third-party subcontractors.

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

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

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

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

We entered into some of our property management agreements without going through the required tender and bidding process.

As of December 31, 2020, we had three preliminary property management service agreements that were obtained without going through the required tender and bidding processes, and we obtained the relevant property management service agreements through regular business negotiations at arm's length. We only derived revenue from one of these three properties in 2020. Our revenue from property management services from this property was approximately RMB1.8 million during the Track Record Period, representing 0.5% of our total revenue from property management services for the Track Record Period. See "Business—Property Management Services—Property Management Service Agreements."

Pursuant to the Regulations on Property Management (2018 Revision) (《物業管理條例》) (2018年修正), a residential property developer shall engage property management companies by going through a tender and bidding process and, a residential property developer may be required to take rectification measures within a prescribed period and pay fines up to RMB100,000 if it fails to comply with such tender and bidding requirement.

Our Directors confirm that the lack of a required tender and bidding process for the selection of property management companies for these three properties was primarily attributable to the relevant property developers. According to the relevant PRC laws and regulations, when engaging property management service providers to provide preliminary property management services, property developers shall go through a tender and bidding process. As advised by our PRC Legal Advisors, there are no specific laws and regulations in the PRC which set out administrative penalties if a property management service provider fails to enter into preliminary property management service agreements through a tender and bidding process. Nonetheless, if the local government requires the relevant property developer to rectify within a prescribed period, the relevant property developer may need to organize a tender and bidding process to select a property management service provider for the relevant properties. In the case that we do not win the tender and bidding, we may not be able to continue our property management services for the relevant properties and, as a result, our revenue and business may be adversely impacted. See "Business—Property Management Services—Property Management Service Agreements."

We may not be able to collect property management fees from property owners, residents and/or property developers and as a result incur impairment losses on our trade receivables.

We may encounter difficulties in collecting property management fees from property owners especially in communities with relatively high vacancy rate. We cannot assure you that our collection measures will be effective or enable us to accurately predict our future collection rate. In 2018, 2019 and 2020, our collection rate of property management fees, calculated by dividing the property management fees we actually received by the total property management fees payable to us accumulated during the same period, was 90.1%, 95.0% and 93.8%, respectively. 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, 2018, 2019 and 2020, our allowance for impairment of trade receivables amounted to RMB10.8 million, RMB14.9 million and RMB16.6 million, respectively. Although our management's estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions are subject to further adjustment if new information becomes known. See "Financial Information—Description of Certain Consolidated Balance Sheet Items—Trade Receivables." In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may adversely affect our cash flow position and our ability to meet our working capital requirements, and therefore materially and adversely affect our business, financial position and results of operations.

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

We offer various value-added services to meet the evolving needs of our customers, whether they are property owners or non-property owners. For more information, see "Business—Our Business Model." In particular, we aim to further expand our business coverage under our three main business lines, in particular, value-added services. For example, services offered under community value-added services, including smart community solutions, property sales and assistance services, common area value-added services, clubhouse services, home decoration services and community retail and home services to improve the living experience of our customers and to maintain and enhance the value of their properties. See "Business—Business Strategies" for more information.

However, our value-added services are still evolving depending on the circumstances of the properties 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. We may fail to cater for various consumer preferences, or anticipate service trends that will appeal to existing potential customers. We may also be unfamiliar with the new business operations in new markets, and may fail to effectively promote our new services to new markets. New services, or entrance into new markets, may also require substantial time, resources and capital, and profitability targets. We also may not have the same level of familiarity with the practices for provision of new services or relationships with our strategic partners, third-party subcontractors and other suppliers as we do in the property management business. We may not be able to recruit sufficient qualified personnel to support the growth of our value-added services. In addition, we may have limited ability to leverage on our brand name in the relevant businesses in the way that we have done so in the property management business, which could put us in a less competitive position in the new market.

Furthermore, we cannot assure you that our investment in our value-added business can be recovered in a timely manner, or at all, or our results of return would be more competitive than that of other comparable companies. 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 successful. 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 condition and results of operations.

We are exposed to liabilities from disputes involving losses or damages incurred by products and services marketed through our value-added services to non-property owners and community value-added 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. Our value-added services to non-property owners primarily consist of sales office management services, preliminary planning and design consultancy services, property inspection and repair services and commercial consulting services; our community value-added services include smart community solutions, property sales and assistance services, common area value-added services, clubhouse services, home decoration services and community retail and home services. Claims may arise due to employees' or third-party subcontractors' negligence or recklessness when performing repair and maintenance services. In addition, product liability may arise from reselling or advertising the products or services through our value-added 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 PRC Civil Code (《中華人民共和國民法典》) 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 other things, that: (i) the quality of the products sold or services provided by or through us fail to conform to required product or service quality; (ii) advertisements made at the public areas of the communities we manage 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 business. We may be required to recall our products and may face product liability claims due to a material design, manufacturing or quality defect in the products or services offered or advertised by us. Customers may not use the products offered or advertised by or through us in accordance with product usage instructions, possibly resulting in customer injury and our responsibility towards such injuries. Any of these events could materially harm our brand and reputation and marketability of such products or services, which materially and adversely affect our business, results of operations and financial condition.

Our catering business is susceptible to product liability or food safety claims.

We provide catering services under our clubhouse services. As we are not involved in the manufacturing of the raw materials we use in our catering services, we do not have control over their quality. The sale of food and beverage products for human consumption involves inherent risks of personal injuries which includes risks posed by (i) food and beverage contamination or degeneration during storage or transportation processes; (ii) contamination of raw materials; and (iii) spoilage of raw materials. Incidents of food poisoning caused by food ingredients from the suppliers or reasons beyond our control may occur. If the raw materials supplied to us are found to be spoiled, contaminated, tampered with or reported to be associated with any such incidents, our reputation, business, financial condition, results of operations could be materially and adversely affected.

In addition to the risks caused by our food processing operations and the subsequent storage and serving process, any food and beverage contamination could also subject us to product liability claims, adverse publicity, government scrutiny, investigation or intervention, or product returns, resulting in increased costs, and any of these events could adversely affect our business, results of operations and financial condition. Also, we cannot guarantee that our suppliers are in full compliance with all the relevant health and safety standards, licensing or permits requirements, customs clearance and quality control measures in such processes before the supply of raw materials to us. Upon receiving the raw materials from our suppliers, we cannot guarantee that our quality safeguards will be completely effective in ensuring that the quality of the raw materials will not deteriorate as a result of improper storage conditions or other unforeseeable reasons. Such product or raw material quality issues may cause illness to the consumers of our food and beverage products. Any dispute over the attribution of product liability that may arise could divert our resources and efforts from our business operations to defending legal proceedings which could adversely affect our business, results of operations and financial condition.

In addition, we have used nuts, eggs and dairy products in our catering services. If we are not made aware of such food allergies when the dishes are prepared, the consumption of such food items by our customers may cause severe allergic reactions, food poisoning and health hazards. These potential incidents could lead to liability claims and compensation ordered by courts, as well as the imposition of penalties by relevant authorities, which may have a material adverse effect on our business operations. In addition, reports by the media of such incidents or any other negative publicity resulting from the publication of industry findings or research reports in relation to our food quality or customer service or any complaints from our customers may, regardless of their validity, adversely affect our business, results of operations and financial condition, which may result in the closure or suspension of our catering services.

We are exposed to risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally.

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

Our business operations may be affected by the COVID-19 pandemic.

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was reported in December 2019 and continues to expand within China and globally. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. The accelerated spread of the virus globally has caused extreme volatility in the global financial market, including the repeated triggering of stock market "circuit breakers" in the United States and many other countries.

The COVID-19 pandemic has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on the PRC property management industry, and adversely affect our business operations. For example, to comply with the requirements of local governments with respect to community management during the outbreak of the COVID-19 pandemic, we incurred additional costs to conduct pandemic control for properties under our management. Since February 2020 and up to the Latest Practicable Date, we incurred aggregate costs for implementing enhanced hygiene and precautionary measures of approximately RMB2.6 million. In addition, we expect that revenue from value-added services provided to non-property owners may decrease as a result of the closure of sales offices and display units during the outbreak of the COVID-19 pandemic. We are uncertain as to when the COVID-19 pandemic will be contained in China and globally, and we also cannot predict whether COVID-19 pandemic will have long-term impact on our business operations. If we are not able to effectively and efficiently operate our business and implement our strategies as planned, we may not be able to grow our business and generate revenue from as anticipated, our business operations, financial condition and prospects may subsequently be materially and adversely affected. See "Business—Effects of the COVID-19 Pandemic."

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

The PRC property management industry and our operations are substantially affected by the relevant regulatory environment and measures. In particular, the fees that property management companies may charge in connection with property management services are strictly regulated and supervised by relevant PRC authorities. We seek to comply with the regulatory regime of the property management service in conducting our business operations. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions 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 property management fees for affordable housing, housing-reform properties and properties in old residential areas and property 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. For further information, see "Regulatory Overview—Regulations on Property Management Service—Regulations on the Fees Charged by Property Management Enterprise."

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 the NDRC on the Opinion on Liberalizing Price Controls in Certain Services. The government-imposed limits on fees, coupled with rising labor and other operating costs, could have a negative impact on our profit. If a property is managed on a lump sum basis, in the event that the collected fees after deducting our costs and expenses are insufficient to cover property management expenses, the property owners are not responsible for making up for such shortage, and we may as a result incur losses. If a property is managed on a commission basis, we may experience a decrease in profit margin. We cannot assure you that the PRC Government may not reverse its policy and re-impose limits on property management fees. In such event, our profit margins may reduce as our labor, subcontracting and other associated costs increase. We also cannot assure you that we would be able to respond to such changes in a timely manner and effectively by implementing our cost-saving measures, nor that we would be able to pass the additional 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 properties 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 controlling the growth of the economy in recent years. In particular, the PRC Government has continued various restrictive measures to discourage speculation in the real estate market. The PRC 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 may 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, value-added services to non-property owners and community value-added services, which could in turn affect our growth potential and our business expansion.

We face intense competition in the property management market.

According to CIA, China's property management industry features a high level of differentiation and fierce competition. See "Industry Overview—Competition—Competitive Landscape." 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 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 condition and results of operations.

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

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

We lease certain properties from third parties mainly for our business operations and staff dormitories or to be used as offices. As of the Latest Practicable Date, we had not received sufficient or valid ownership certificates or other ownership documents of 29 properties from lessors. These leased properties are being used for our business operations or to be used as offices. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our offices and staff quarters occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. Based on information currently available to us, we believe that there are alternative properties at comparable rental rates readily available on the market and the estimated total relocation cost will not be material to our cost of operation. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

There are uncertainties about the recoverability of our deferred tax assets, which could adversely affect our results of operations.

As of December 31, 2018, 2019 and 2020, our deferred tax assets amounted to RMB8.7 million, RMB10.6 million and RMB7.4 million, respectively. For details of the movements of our deferred tax assets during the Track Record Period, please refer to note 28 to the Accountant's Report set out in Appendix I to this prospectus. Based on our accounting policies, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. This requires significant judgment on the tax treatments of certain transactions and also an assessment on the probability, timing and adequacy of future taxable profits available for the deferred tax to be recovered. These estimations of future taxable profits depend on numerous factors beyond the control of our management, and if such judgments turn out to be incorrect or imprecise, we may need to adjust our tax provisions accordingly. We cannot guarantee recoverability and predict the movement of our deferred tax assets. If we fail to recover our deferred tax assets, this may have a material adverse effect on our financial conditions in the future.

We may be subject to penalties from the PBOC or adverse judicial rulings as a result of extending loans to related parties.

During the Track Record Period, we extended interest-bearing advances to subsidiaries of Dexin Holdings. The interest income derived in relation to the interest-bearing advances was approximately nil, RMB0.9 million and RMB1.6 million, respectively, in 2018, 2019 and 2020. Such advances and the related interest were fully settled as of December 31, 2020.

According to the General Lending Provisions (《貸款通則》) issued by the PBOC any financing arrangements or lending transactions between non-financial institutions are prohibited. Further, pursuant to Article 73 of the General Lending Provisions, the PBOC may impose on a non-compliant lender a fine of one to five times the income received by the lender from such loans. However, the Supreme People's Court has made new interpretations concerning financing arrangements and lending transactions between non-financial institutions in 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 "Judicial Interpretations on Private Lending Cases") which came into effect on September 1, 2015 and was amended on January 1, 2021. The validity of inter-company loan agreements which are for the needs of production and operation should be generally supported by the people's courts except they fall into the invalid contract circumstances regulated under the PRC Civil Code (《中華人民共和國民法典》).

As of the Latest Practicable Date, we had not received any notice of claim or was subject to any investigation or penalty relating to the interest-bearing advances to related parties. If we are subject to penalties from the PBOC or to an adverse judicial ruling in respect of the advances and related interest, our cash flows, financial condition and results of operations may be adversely affected.

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

As of the Latest Practicable Date, we had not filed the lease agreements for 88 leased properties. According to applicable PRC administrative regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with the relevant governmental authorities within 30 days after the execution of the lease agreement and if the filing is not made, the governmental authorities may require that the filing to be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. The lessors of the related leases need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings within a period required by the relevant governmental authorities and relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to fines. See "Business—Properties."

We may be subject to adverse impact for our failure to contribute to social insurance fund and housing provident fund 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 fully contribute to certain social insurance and housing provident funds for our employees. In 2018, 2019 and 2020, we made provisions in respect of such potential liabilities in the amounts of RMB0.3 million, RMB0.3 million and RMB1.1 million, respectively. Under the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), if we do not pay housing provident fund contributions within the stipulated 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 do not make such payments by the stipulated deadline, we may be liable to a fine of one to three times the contribution amount. We cannot assure you that the relevant PRC authorities would not notify and require us in the future to pay the outstanding contributions by a stipulated deadline, or any of our employees would not make complaints or demand for payment for any outstanding contribution. In the case we do not pay the outstanding contributions in accordance with PRC laws and regulations and as required by the relevant PRC authorities, we may be subject to a penalty fine and/or an order from the relevant people's court to enforce such payment. See "Business—Employees—Social Insurance and Housing Provident Fund Contributions."

We are subject to risks in relation to fair value changes and credit risks of our financial assets at fair value through profit or loss, or FVTPL, as well as valuation uncertainties due to the use of unobservable inputs.

We had FVTPL of RMB43.1 million, RMB41.1 million and RMB3.5 million as of December 31, 2018, 2019 and 2020, respectively, primarily comprising wealth management products, the fair value of which may be subject to changes for the relevant period due to the addition or disposal of such assets, and gains or losses for the period recognized in profit or loss. Any decreases in the FVTPL may adversely affect our profit. In addition, we cannot assure you that we will able to redeem our FVTPL when they become due if the financial institution fails to perform their payment obligation. In addition, the valuation of fair value changes of financial assets at FVTPL are subject to uncertainties in estimations. Such estimated changes in fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the financial assets at FVTPL valuation have been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in significant fluctuations in profit or loss from period to period. Any occurrence of the above-mentioned event may adversely affect our financial position and results of operations.

Our tax benefits and government grants may be discontinued.

Xier Technology, our non-wholly owned subsidiary, enjoyed a preferential corporate income tax rate of 15% from 2018 to 2020 because it was recognized as a National High-tech Enterprise. We cannot assure you that the local tax authority will not, in the future, change its position and discontinue any of our current tax treatments, potentially with retroactive effect. The discontinuation of any of such tax treatments could materially increase our tax obligations and adversely impact our net income.

In 2018, 2019 and 2020, we recognized government grants in other income of RMB2.3 million, RMB2.3 million and RMB5.7 million, respectively. As government grants are typically awarded at the discretion of the relevant governmental authorities and are one-off in nature, we cannot assure you that we will continue to receive them in the future. We face uncertainty relating to the availability of government grants due to unexpected changes in PRC laws, regulations and governmental policies. Any loss of or reduction in government grants could have an adverse effect on our financial condition, results of operations and prospects.

We may not be able to fulfill our obligations for contract liabilities, which could expose us to liquidity risks.

As of December 31, 2018, 2019 and 2020, we recorded contract liabilities of RMB61.0 million, RMB78.6 million and RMB111.8 million, respectively. For details, see "Financial Information—Description of Certain Consolidated Balance Sheet Items." In the unlikely event that we are unable to fulfill our obligations in respect of our contract liabilities and were made to refund to our customers the property management fees or other service fees received by us, our cash and/or liquidity position may be negatively impacted. Our future liquidity, the payment of trade and other payables and repayment of debt financing, if any, will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we are unable to maintain sufficient working capital, our business, financial position, results of operation and prospects would be adversely affected.

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

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

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

The common areas of the properties we manage may suffer damage as a result of events beyond our control, including but not limited to natural disasters, accidents or intentional damage. Although PRC laws and regulations mandate 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. During the Track Record Period, we did not record any repair and maintenance costs paid on behalf of property owners which were unable to collect subsequently. 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 third-party online payment platforms.

We accept payments via various payment methods, including online payment, auto-pay or third-party payment platforms. These online payments typically 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 effect on our ability to process our revenue derived from our property management services, value-added services to non-property owners and community 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 experience failures in or disruptions to our information technology systems.

We use various platforms and systems in our business operations. We have established a set of policies on data recovery and access management to deal with failures and disruptions to our information technology systems. See "Business—Information Technology—Contingency Plans and Access Management." If we are unable to detect any system error, we may experience system interruptions or delays, which could adversely affect our operating results. In addition, we may experience occasional system interruptions and delays or other technical problems that make any of our relevant online applications and their services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which may reduce the attractiveness of our applications and even incur losses to our customers who may bring legal proceedings against us. Moreover, failures in or disruptions to our information technology systems, loss or leakage of confidential information, breach of network security or other misappropriation or misuse of personal information could cause transaction errors, processing inefficiencies and the loss of customers and sales, 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.

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

Our continued success is highly dependent upon the efforts of our Directors, senior management and other qualified employees who are experienced in property management and related industries. We believe their extensive experience and in-depth understanding of 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.

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

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

We rely on a combination of trademarks, contractual provisions and 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 in the PRC are still evolving, and therefore the enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain, 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 condition.

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

We are required to obtain certain governmental approvals in the form of permits, licenses and certificates or other approvals in order to provide our services, and the material permits, licenses and/or certificates include Food Business Operation License (食品經營許可證), Security Service License (保安服務許可證) and Filing for Company's Self-Recruiting Security Guards (自行招用保安員單位備案). Generally, they are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals.

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

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

We purchase and maintain insurance policies that we believe to be aligned with the standard commercial practice in our industry and as required under relevant laws and regulations. See "Business—Insurance." 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, which we believe is with the customary market practice in the PRC. In addition, we have not purchased and maintained insurance policies that cover 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 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 legal and other disputes with and subject to claims by property developers, property owners and residents, to whom we provide property management services value-added services to non-properties owners and community value-added services. Disputes may also arise if they are dissatisfied with our services. In addition, property developers, owners and residents may take legal action against us if they perceive that our services are inconsistent with our contractual service standards. Furthermore, we may from time to time be involved in disputes with and subject to claims by other parties involved in our business, including our third-party subcontractors, suppliers and employees, or other third parties who sustain injuries or damages while visiting properties under our management. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management's attention from our business activities. Any such dispute, claim or proceeding may have a material adverse effect on our business, financial position and results of operations.

Accidents or injuries suffered by our residents, our employees or other personnel at properties under our management may adversely affect our reputation and subject us to liabilities.

We could be held liable for accidents or injuries or other harm to residents or other people at properties under our management. We could also face claims alleging that we were negligent, provided inadequate maintenance to property facilities or supervision of our employees or subcontractors and therefore may be held liable for accidents or injuries suffered by our residents or other people at properties under our management. We have a series of risk management policies in terms of personal safety in place in order to effectively reduce risk of injuries or fatalities. These policies cover areas such as general security, fire safety and natural disaster management. We regularly inspect electricity and other common area utility equipment to early-detect and repair wear and tear. We routinely hold training and information sessions on various aspects of safety management which improve our staff's safety awareness and provide clear guidance on ensuring personal safety. In addition, we maintain certain liability insurance. However, these policies and insurance coverage may not be adequate to fully protect us from these kinds of incidents and the resulting claims and liabilities. A liability claim against us or any of our employees could adversely affect our reputation. Further, such a claim may create unfavorable publicity, causing us to pay compensation, incur costs in defending such claim and divert the time and attention of our management, all of which may have a material adverse effect on our business, prospects, financial condition and results of operations.

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

We may become subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business from time to time. Any claims or legal proceedings brought against us in relation to such issues, with or without merit, could result in substantial costs and divert capital resources and management attention. In the event of an adverse determination, we may be compelled to pay substantial damages or to seek 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 stringent environmental protection, health and labor safety laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, we believe there is a growing awareness of environmental, health and labor safety issues, and we aim to meet a standard which is higher than the compulsory requirements. We cannot guarantee that more stringent environmental protection, health and labor safety requirements or standards will not be imposed in the future. We cannot assure you that our procedures and training will be completely effective in satisfying all relevant environmental and safety requirements. If we are unable to comply with existing or future environmental, health and labor safety laws and regulations or are unable to meet public expectations in relation to relevant matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may materially and adversely impact our business, financial position, results of operations and growth prospects.

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

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

- political instability or changes in social conditions in the PRC;
- changes in laws, regulations or policies or the interpretation of laws, regulations or policies;
- measures which may be introduced to control inflation or deflation;
- changes in interest rates or market disruptions experienced in overseas markets that directly or indirectly affect the capital markets of the PRC;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Furthermore, there is no assurance that the substantial growth in the PRC economy in the previous decades will continue or continue at the same pace. In recent years, the trade war between the U.S. and China slows down the growth of the PRC economy and gives rise to uncertainties on the global economy. Should the trade war materially impact the PRC economy, the purchasing power and needs of our customers could be negatively affected. The full impact of relevant events remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profoundly adverse implications.

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

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

On April 22, 2009, the SAT promulgated the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("Circular 82"), as amended on January 29, 2014 and December 29, 2017, which sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily business, operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. In addition, Circular 82 also requires that the determination of "de facto management body" shall be based on the principle that substance is more important than form. In addition to Circular 82, the SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) ("Bulletin 45"), which took effect on September 1, 2011 and amended on June 1, 2015 and October 1, 2016 and June 15, 2018, which provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If we are deemed a PRC resident enterprise, we may be subject to the EIT rate of 25% which could adversely affect our financial position and results of operation.

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

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

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

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

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. See "Regulatory Overview—Regulations on Foreign Currency Exchange." 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 the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies. The restrictions on foreign exchange transactions under capital accounts could also affect our 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 generally accepted accounting principles in the PRC, 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 years 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.

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

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

In July 2014, the SAFE promulgated the Circular on Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (Huifa [2014] No. 37) (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》 (匯發[2014]37 號)) ("Circular 37"). Pursuant to Circular 37 and its implementation rules, PRC residents, including PRC institutions and individuals, must register with local branches of the SAFE in connection with their direct or indirect offshore investments in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests or any inbound investment through SPVs. Such PRC residents are also required to amend their registrations with the SAFE when there is change to the required information of the registered SPV, such as changes to its PRC resident individual shareholder, name, operation period or other basic information, or the PRC individual resident's increase or decrease in its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. Pursuant to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (Huifa [2015] No. 13) (《 關於進一步簡化和改進直接投資外匯管理政策的通知》) (匯發[2015]13號) ("Circular 13"), the foreign exchange registration aforesaid has been directly reviewed and handled by banks since June 1, 2015, and the SAFE and its branches perform indirect regulation over such foreign exchange registration through local banks. Under this regulation, failure to comply with the registration procedures set forth in Circular 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and its settlement of foreign exchange capital, and may also subject the relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

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

Inflation in China could negatively affect our profitability and growth.

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

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

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

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

We are incorporated in the Cayman Islands. A majority of our senior management members reside in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any foreign judgments. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "July 2006 Arrangement"). Pursuant to the July 2006 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 July 2006 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. On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "January 2019 Arrangement"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The January 2019 Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The January 2019 Arrangement will, upon taking effect, supersede the July 2006 Arrangement. As of the Latest Practicable Date, the January 2019 Arrangement had not become effective.

RISKS RELATING TO THE GLOBAL OFFERING

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

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

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

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

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

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

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

- variations in our financial position and/or results of operations;
- unexpected business interruptions resulting from, among other things, 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 obtain or maintain regulatory approval required for our operations;
- fluctuations in stock market price and volume;
- announcement made by us or our competitors;
- changes in pricing adopted by our competitors;
- political, economic, financial and social developments in China and Hong Kong and in the global economy; and
- involvement in material litigation.

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

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

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

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

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

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

The Company may from time to time declare any dividends to be paid to Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, the Companies Act and any contractual restrictions on the payment of dividends. The amount of any dividends will depend on various factors, including but not limited to, our results of operations, financial performance, profitability, business development, prospects, capital requirements, economic outlook and other factors that our Directors deem relevant. We cannot guarantee that dividends of any amount will be declared or distributed in any year. For further information, see "Financial Information—Dividend and Distributable Reserves."

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

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

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

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

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

Our Company is incorporated in the Cayman Islands and its affairs are governed by our Memorandum, Articles of Association, the Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or those of other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as those afforded under the laws of Hong Kong or in other jurisdictions. A summary of the Cayman Islands Companies Act on protection of minority shareholders is set out in "Summary of the Constitution of the Company and Cayman Islands Company Law—3. Cayman Islands Company Law—(f) Protection of minorities and shareholders' suits" in Appendix III to this prospectus.

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

The Offer Price of our Shares will be determined on the Price Determination Date, which is expected to be on or around July 8, 2021. However, our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be July 15, 2021. Accordingly, investors may not be able to sell or deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

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

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

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

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

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

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

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

MANAGEMENT PRESENCE IN HONG KONG

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

(1) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Tang Junjie (唐俊杰) ("**Mr. Tang**"), our executive Director, and Ms. So Shuk Yi Betty (蘇淑儀) ("**Ms. So**"), our company secretary, who will act as our Company's principal channel of communication with the Stock Exchange. Ms. So is ordinarily resident in Hong Kong. Although Mr. Tang resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire to travel to Hong Kong. Each of our 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/or email. Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance and Ms. So has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;

(2) both our authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. Each of our Directors has provided his/her mobile phone number, residential phone number, fax number (if applicable) and/or email address to our authorized representatives. In the event that a Director expects to travel, he/she will provide the phone number of the place of his/her accommodation to our authorized representatives or maintain an open line of communication via his/her mobile phone. Each of our Directors, the authorized representatives has also provided his/her mobile number, office phone number, fax number and/or email address to the Stock Exchange;

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

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

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Circular and Independent Shareholders' Approval Requirement" and "Connected Transactions—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this prospectus. See "Connected Transactions" in this prospectus for more details.

CONSENT IN RESPECT OF ALLOCATION OF SHARES TO A CONNECTED CLIENT OF CCBI

Paragraph 5(1) of Appendix 6 to the Hong Kong Listing Rules provides that no allocations will be permitted to "connected clients" of the lead broker or of any distributors without the prior written consent of the Stock Exchange.

Each of Hangzhou Light Industrial Association Investment Group Co., Ltd. (杭州輕聯投資集團有限公司) and Hangzhou Jintou Shenghan Investment Partnership (Limited Partnership) (杭州金投盛晗投資合伙企業(有限合伙)) has agreed to be a cornerstone investor in the Global Offering. For the purpose of the cornerstone investment, each of them has engaged CCB Principal Asset Management Co., Ltd. (建信基金管理有限責任公司) ("**CCB Asset**") (the "**QDII Manager**"), an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authorities, to subscribe for or purchase and hold the relevant Offer Shares on their behalf on a non-discretionary basis.

CCB Asset is a member of the same group of companies as CCBI, which is the Sole Global Coordinator, a Joint Bookrunner and a Joint Lead Manager of the Global Offering. Accordingly, CCB Asset is a connected client of CCBI. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit CCB Asset to participate in the Global Offering in its capacity as the QDII manager subject to certain conditions. For further information, please refer to the section headed "Cornerstone Investors" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and is neither misleading nor deceptive, and there are no other matters the omission of which would render any statement herein or this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the relevant Application Forms contain the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in "Structure of the Global Offering".

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

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

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

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

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the Application Forms and the offer and sale of the Offer Shares in jurisdictions other than in Hong Kong 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. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in China or the U.S..

Prospective applicants for the Offer Shares should consult their financial advisors and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares shall also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries or their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering, including the Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options the may be granted under the Share Option Scheme.

Except that we have applied for the Listing to the Stock Exchange, no part of the Share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the approval for the Listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the 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 advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

The Company's principal register of members will be maintained in by the Principal Share Registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands. All Shares to be issued pursuant to the Global Offering and any Shares to be issued upon the exercise of the Over-allotment Option will be registered on the Company's Hong Kong register of members to be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Only Shares registered on the Company's Hong Kong register of members may be traded on the Stock Exchange. No stamp duty is payable by applicants in the Global Offering. Dealings in Shares registered on the Company's Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, dealing in or exercising any rights attached to the Shares. None of the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisors or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in or exercising any rights attached to the Shares.

APPLICATION PROCEDURE FOR THE HONG KONG OFFER SHARES

The application procedure for Hong Kong Offer Shares is set out in "How to Apply for Hong Kong Offer Shares" and the relevant Application Forms.

OVER-ALLOTMENT AND STABILIZATION

Further details of the arrangements relating to stabilization and the Over-allotment Option are set out in "Structure of the Global Offering—The International Offering—Over-allotment Option" and "Structure of the Global Offering—Stabilization". Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Over-allotment Option.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, July 15, 2021, it is expected dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Thursday, July 15, 2021. Shares will be traded in board lots of 1,000 Shares each.

The stock code for our Shares is 2215.

Our Company will not issue any temporary documents of title.

Dealings in our Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bid and offer quotations will be available on the Stock Exchange's teletext page information system. Delivery and payment for Shares dealt on the Stock Exchange will be effected two trading days following the transaction date ("**T+2**"). 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. Only certificates for Shares registered on the branch share register of our Company in Hong Kong will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which our Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisors.

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

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

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at specified rates. No representation is made that the Renminbi amounts could actually be converted into Hong Kong dollar amounts at the rates indicated or at all. Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars was made at the rate of RMB0.8289 to HK$1.00, the exchange rate prevailing on June 18, 2021, set by the PBOC for foreign exchange transactions.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and its Chinese translation, the English version of this prospectus shall prevail. However, if there is any inconsistency between the Chinese names of PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like mentioned in this prospectus and their English translations which are included for identification purposes only, the Chinese names shall prevail.

ROUNDING

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Hu Yiping (胡一平)	Room 2201, Unit 2, Building 2 Golden Coast Yongjiang Community Ziyang Street, Shangcheng District Hangzhou Zhejiang Province PRC	Chinese
Mr. Tang Junjie (唐俊杰)	Room 901, Unit 2, Building 3 Tianyuwan Jianggan District Hangzhou Zhejiang Province PRC	Chinese
Ms. Zhu Xiaoli (朱曉莉)	Room 703, Unit 4, Building 1 Nanguangfang Shangcheng District Hangzhou Zhejiang Province PRC	Chinese
Independent Non-executive Directors		
Mr. Jia Shenghua (賈生華)	Room 101, Unit 2, Building 11 Shouchunyuan, Xixichengyuan Wenyi West Road Xihu District Hangzhou Zhejiang Province PRC	Chinese
Mr. Rui Meng (芮萌)	Room 2102 No. 1, Lane 39, Yinxiao Road Pudong District Shanghai PRC	Chinese
Mr. Yang Xi (楊熙)	Room 1504, Gate 2, Building 207 Baiziwan Homeland Chaoyang District Beijing PRC	Chinese

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

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
Sole Global Coordinator	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
Joint Bookrunners	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong **China Industrial Securities International Capital Limited** 32/F, Infinitus Plaza 199 Des Voeux Road Central Sheung Wan Hong Kong **Zhongtai International Securities Limited** 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong **Vision Capital International Holdings Limited** Room A01-02, 11/F, Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong

Joint Lead Managers	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	China Industrial Securities International Capital Limited 32/F, Infinitus Plaza 199 Des Voeux Road Central Sheung Wan Hong Kong
	Zhongtai International Securities Limited 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong
	Vision Capital International Holdings Limited Room A01-02, 11/F, Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
	Futu Securities International (Hong Kong) Limited Unit C1-2 13/F United Centre No. 95 Queensway Hong Kong
Co-Lead Managers	**Valuable Capital Limited** Room 2808, 28/F China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
	I Win Securities Limited Room 1916, Hong Kong Plaza 188 Connaught Road West Hong Kong

Legal advisors to our Company

As to Hong Kong law:
Sidley Austin
Level 39
Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
6/F, NCI Tower
A12 Jianguomenwai Avenue
Beijing
PRC

As to Cayman Islands law:
Conyers Dill & Pearman
29th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

Legal advisors to the Sole Sponsor and the Underwriters

As to Hong Kong law:
Paul Hastings
21-22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to PRC law:
Tian Yuan Law Firm
10/F, Tower B
China Pacific Insurance Plaza
28 Fengsheng Hutong
Xicheng District
Beijing
PRC

Auditor and reporting accountant

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Industry consultant	**China Index Academy** Tower A No. 20 Guogongzhuang Middle Street Fengtai District Beijing PRC
Receiving banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong **China Construction Bank (Asia) Corporation Limited** 26/F, CCB Tower 3 Connaught Road Central Central Hong Kong

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business and headquarters in China	Room 488, Building 2 No. 2008-2010, Jinchang Road Liangzhu Street Hangzhou Zhejiang Province PRC
Principal place of business in Hong Kong	40th Floor Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's website	www.shengquanwuye.com *(The information on this website does not form part of this prospectus)*
Company secretary	Ms. So Shuk Yi Betty (蘇淑儀) (*HKICS, CGI*) 40th Floor Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Rui Meng (芮萌) *(Chairman)* Mr. Jia Shenghua (賈生華) Mr. Yang Xi (楊熙)
Remuneration Committee	Mr. Jia Shenghua (賈生華) *(Chairman)* Mr. Tang Junjie (唐俊杰) Mr. Rui Meng (芮萌)
Nomination Committee	Mr. Hu Yiping (胡一平) *(Chairman)* Mr. Jia Shenghua (賈生華) Mr. Rui Meng (芮萌)

Authorized representatives	Mr. Tang Junjie (唐俊杰) Room 901, Unit 2, Building 3 Shimao Qiantang Tianyu Jianggan District Hangzhou Zhejiang Province PRC
	Ms. So Shuk Yi Betty (蘇淑儀) 40th Floor Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Compliance advisor	Giraffe Capital Limited 3/F 8 Wyndham Street Central Hong Kong
Principal Share Registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bank	Bank of Communications Hangzhou Wenhui Branch No. 295 Wenhui Road Xiacheng District Hangzhou Zhejiang Province PRC

The information set out in this section have been extracted from the independent report prepared by CIA. The industry report prepared by CIA is based on information obtained from its database, publicly available information, industry reports, interviews and other sources. We believe that the sources of this information in this section are appropriate sources for such information and we have taken a reasonably prudential attitude when extracting and reprinting such information. We have no reason to believe that such information are false or misleading or that any part has been omitted that would render such information false or misleading. None of us, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, any of their directors, officers, affiliates, advisors or representatives, or any other parties (except CIA) involved in the Global Offering have independently verified such information. None of us, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, any of their directors, officers, affiliates, advisors or representatives, or any other parties (except CIA) involved in the Global Offering makes any representation as to the completeness, accuracy or fairness of such information and accordingly such information should not be unduly relied upon.

RESEARCH BACKGROUND, METHODOLOGIES AND ASSUMPTIONS OF CHINA INDEX ACADEMY

We purchased the right to use and quote multiple data from publications by CIA at a total cost of RMB800,000. CIA has extensive experience in researching and tracking the PRC property management industry and has conducted research on the Top 100 Property Management Companies since 2008. In conducting its research, CIA mainly evaluates property management companies that have managed at least ten properties or an aggregate GFA of 500,000 sq.m. or above for the previous three years. CIA uses research parameters and assumptions and gathers data from multiple primary and secondary sources, including (i) published statistics, websites and marketing materials of property management companies; (ii) surveys and data from China Real Estate Index System and China Real Estate Statistics Yearbooks; (iii) public data from governmental authorities; and (iv) data gathered for Top 100 Property Management Companies in China from 2008 to 2021 and Property Management Companies by Brand Value from 2013 to 2020. In addition, since 2008, CIA has published the rankings 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. Under these five key factors, CIA analyzes 21 specific indicators as follows:

Key Factors	Specific Indicators
Management scale	Total assets
	Total number of property management projects
	Total GFA under management
	Number of cities with business presence

Key Factors	Specific Indicators
Operational performance	Revenue Gross profit Net profit Revenue per employee Operating expense ratio
Service quality	Satisfaction of property owners Collection rate of property management fees Renewal rate of property management projects Number of star-level communities under management
Growth potential	Growth rate of revenue Growth rate of total GFA under management Total contracted GFA to be delivered for property management services Employee structure and number
Social responsibility	Total annual tax payment Number of jobs created Total GFA of affordable housing under management Total amount of donations

Data analysis in this section includes the data and information of the Top 100 Property Management Companies as ranked by CIA. In determining such rankings, CIA may assign the same ranking to multiple companies with the same or very close scores, and therefore it is possible that more than 100 companies may be classified as being among the Top 100 Property Management Companies in the industry. CIA may, upon specific request, prepare further rankings within the Top 100 Property Management Companies for certain indices. 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 data published by relevant statistics bureaus are accurate; and (iv) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate. On this basis, the Directors believe that such data and statistical information are reliable.

CHINA'S PROPERTY MANAGEMENT INDUSTRY

Overview

The history of the PRC property management industry may be traced back to the early 1980s with the establishment of the first property management company in China. Since then, the PRC Government has sought to construct a regulatory framework for the PRC property management industry in parallel to its growth. According to CIA, the first of these were the Regulations on Property Management (《物業管理條例》) promulgated in June 2003. In recent years, the PRC Government has continuously promulgated new regulations, with the aim to establish an open market system for the property management industry that served to promote its rapid growth and development. PRC property management companies now serve multiple types of properties, including residential community, office building, shopping center, industrial park, school and hospital.

Major Fee Models in the PRC Property Management Industry

In the PRC, property management companies generate revenue from various incomes, including property management fee income and diverse operation income, derived from property management service and other operating activities. Among others, the property management fee income constitutes the major income source of most property service companies.

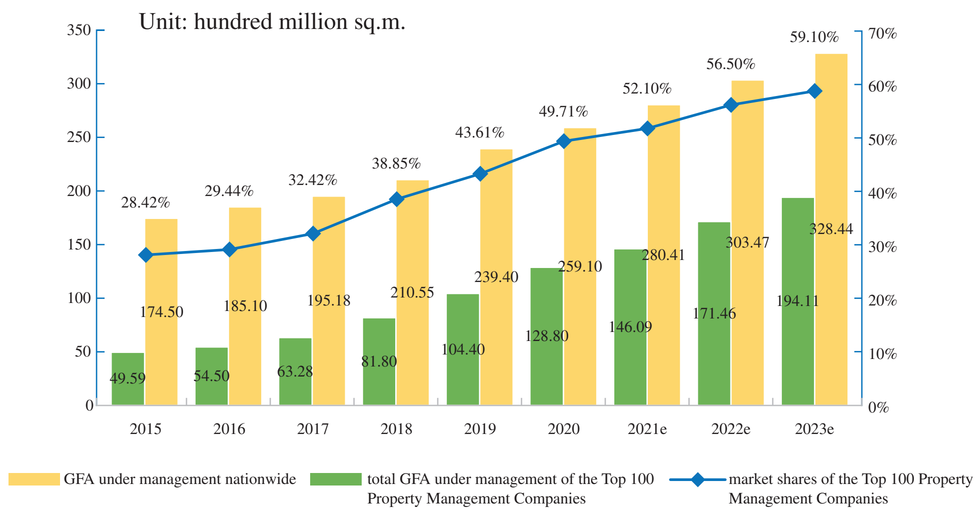
In the PRC, the property management fees may be charged either on a lump sum basis or a commission basis. At present, the lump sum fee model for property management fees is the dominant fee model in the property management industry in China, especially for residential properties. The lump sum fee model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

Overall Market Size and Future Development

Property management industry experienced significant growth in recent years. According to CIA, total GFA under management for all property management companies in the PRC increased from 17.5 billion sq.m. in 2015 to 25.9 billion sq.m. in 2020, representing a CAGR of 8.2%; total GFA under management for Top 100 Property Management Companies increased from 5.0 billion sq.m. in 2015 to 12.9 billion sq.m. in 2020, representing a CAGR of 20.9%.

According to CIA, the total GFA under management for all property management companies in the PRC is expected to increase from 25.9 billion sq.m. in 2020 to 28.1 billion sq.m. in 2022, representing a CAGR of 4.2%; and the total GFA under management for Top 100 Property Management Companies is expected to increase from 12.9 billion sq.m. in 2020 to 19.4 billion sq.m. in 2023, representing a CAGR of 14.6%.

The following chart sets forth total GFA under management of the Top 100 Property Management Companies, GFA under management nationwide and market shares of the Top 100 Property Management Companies in the years indicated.



Source: Organized and Calculated by China Index Academy

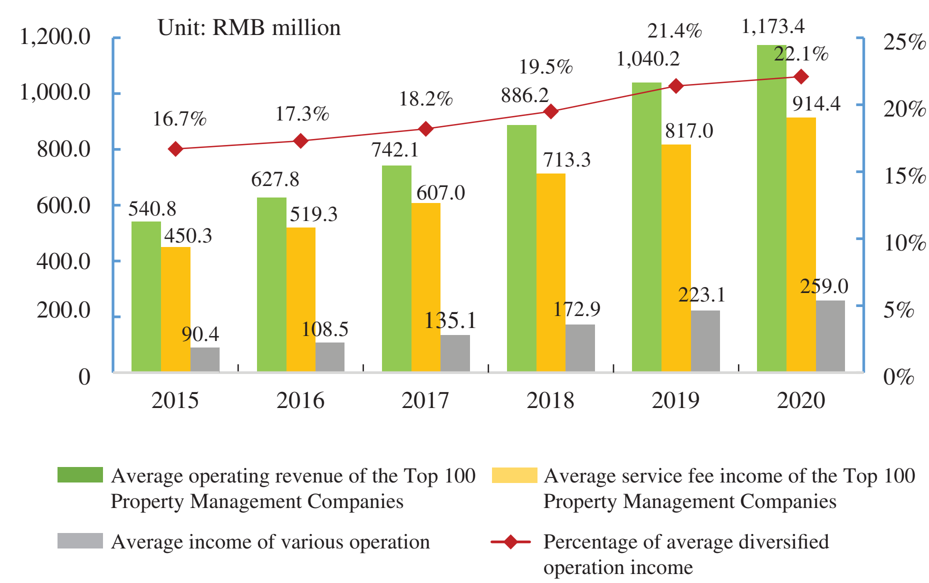
Overview of the Top 100 Property Management Companies

In recent years, following rapid urbanization and continuous growth in per capita disposable income, the GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly. The average total GFA of properties managed by the Top 100 Property Management Companies increased to 48.8 million sq.m. in 2020 from 23.6 million sq.m. in 2015, representing a CAGR of 15.6%. The average number of properties managed by the Top 100 Property Management Companies increased to 244 as of December 31, 2020 from 154 as of December 31, 2015, representing a CAGR of 9.6%. Stimulated by the increase in GFA and number of properties under management, the average revenue of the Top 100 Property Management Companies increased to RMB1,173.4 million in 2020 from approximately RMB540.8 million in 2015, representing a CAGR of 16.8%.

Residential properties continue to be the dominant type of property in the management portfolios of property management companies, and at the same time, property management companies have continuously sought to diversify property types under management. In 2020, total GFA under management of residential properties and non-residential properties of the Top 100 Property Management Companies reached approximately 8.5 billion sq.m. and 4.3 billion sq.m. Respectively, while GFA under management of non-residential properties of the Top 100 Property Management Companies reached 33.7% in 2020, up from 31.1% in 2019.

Besides, the Top 100 Property Management Companies have continuously innovated their service modes, enriched their value-added service types and contents and kept exploring added values and marginal benefits of services based on respective resource advantage and future development direction. The average diversified operation income of the Top 100 Property Management Companies has increased to RMB258.96 million in 2020 from RMB90.4 million in 2015, representing a CAGR of 23.4%. The contribution of diversified operation income in total operating revenue has risen by 4.7 percentage points from 2015 to 22.1% in 2020, and diversified operations have kept strengthening the capacity to drive the performance.

The following chart sets forth the average operating revenue, average revenue of property service fee and average diversified operation income of the Top 100 Property Management Companies as well as their proportions in the years indicated.



Source: Organized and Calculated by China Index Academy

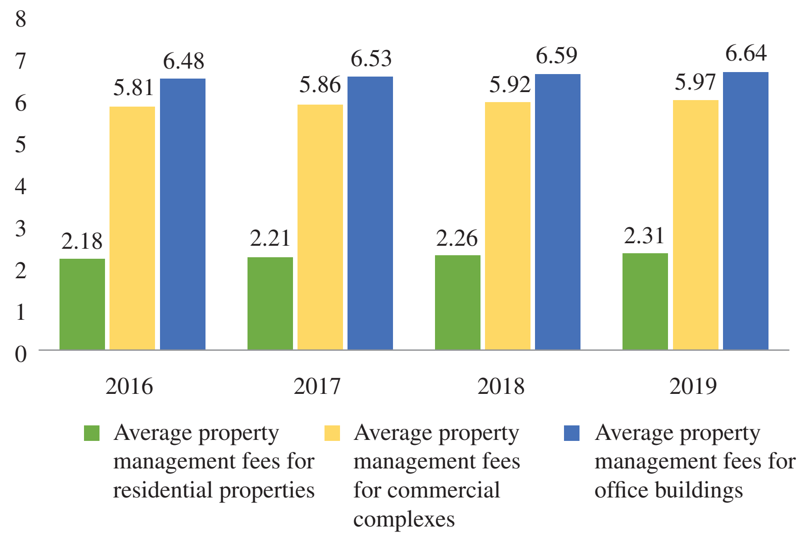
According to CIA, the Top 100 Property Management Companies have mainly improved their profitability by offering traditional property management services and value-added services. Diversified services, upgraded technologies, standardized procedures and higher automation level usually enable the Top 100 Property Management Companies to reduce their operating cost and increase the cost efficiency. In 2017 to 2020, the operating cost ratio of the Top 100 Property Management Companies was 77.7%, 76.4%, 76.0% and 75.5% respectively, according to data from CIA.

Overview of Property Management Industry in the Yangtze River Delta Region and Zhejiang Province

The Yangtze River Delta Region is one of the most economically developed regions in China with high urbanization rates and resident disposable income. In 2019, the Yangtze River Delta Region and Zhejiang Province had an urbanization rate of 68.1% and 70.0% respectively, and had average annual disposable income of RMB53,487 and RMB60,182 respectively, which are 1.26 times and 1.42 times the national average. The average residential property management fees for properties located in the Yangtze River Delta Region and Zhejiang Province was RMB2.3 and RMB2.5 per sq.m. per month, respectively, both of which were higher than the national average of RMB2.1 per sq.m. per month in 2020. Our average residential property management fees was RMB2.0 per sq.m. per. month in the same time. Our average residential property management fees is lower than the industry because of the historical projects included the projects developed by Dexin group and independent third-party property developers, which was not located in main cities, pulled down the average property management fees.

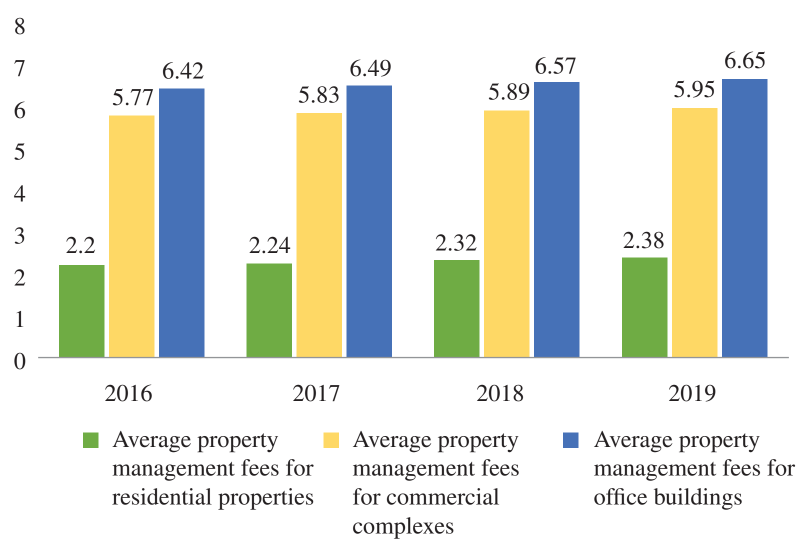
For non-residential property types, based on the available industry date and considering that majority of the Group's revenue from non-residential properties was generated from commercial complex and office building, average management fee of commercial complexes and office building were considered for the purpose of below analysis. In 2019, the commercial complexes property management fee in the Yangtze River Delta Region and Zhejiang Province is RMB6.0 per sq.m. per month, while the average property fee for office buildings in the Yangtze River Delta Region and Zhejiang Province is RMB6.6 and RMB6.7 per sq.m. per month, respectively. Our average property management fee for commercial complexes and office buildings types was RMB 6.9 per sq.m. per. month, and 7.2 per sq.m. per. month in 2019. Our property management fees of commercial complexes and office buildings were sightly higher than the industry average, mainly due to our commercial complexes and office building projects are primarily (i) located in Hangzhou, Hefei, Nanjing, which are relatively more developed cities in the Yangtze River Delta Region, and (ii) aimed at the middle and high-end crowd.

The following table sets forth the changes of average property management fees for major management types in the Yangtze River Delta Region in the years indicated.



Source: Organized and Calculated by China Index Academy

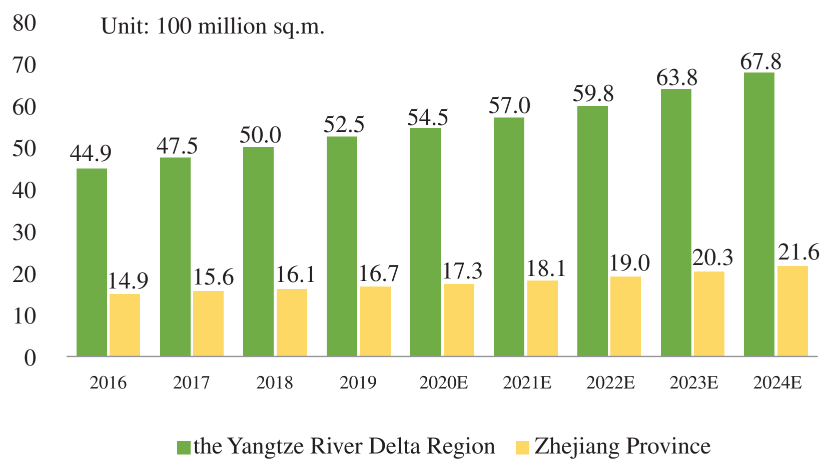
The following table sets forth the changes of average property management fees for major management property types in Zhejiang Province in the years indicated.



Source: Organized and Calculated by China Index Academy

In 2019, the total GFA under management in the Yangtze River Delta Region was approximately 5.25 billion sq.m., accounting for 21.9% of China's total GFA under management as of the same date. As of December 31, 2019, the region has attracted more than 18,000 property management companies, accounting for 14.2% of the total number of property management service provider in China, hiring an aggregate of over two million employees, accounting for approximately 21.0% of total number of property management service employees in China.

The following table sets forth the historical and future forecast of the property management market in the Yangtze River Delta Region and Zhejiang province in terms of the GFA in the years indicated.



Source: Organized and Calculated by China Index Academy

Key Drivers in China's Property Management Service Market

The growth of China's property management service industry depends on multiple key drive factors below.

Favorable Policies

In 2003, the Chinese Government issued the Property Management Regulation, which has designed a regulatory framework for China's property management industry. Afterwards, China has successively validated several laws and ordinances supervising various aspects of the property management industry, and issued several policies to promote the development of the property management industry. These laws, rules and policies include but are not limited to 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 Recommendations on Strengthening and Improving the Governance of Urban and Rural Communities (《關於加強和完善城鄉社區治理的意見》). Besides, several provincial and municipal governments have also issued respective special laws and rules and thus established the local regulatory framework for the property management industry. These issued favorable policies have also created a vast market potential for the non-residential area. On January 5, 2021, the Ministry of Housing and Urban-Rural Development in conjunction with ten ministries and commissions promulgated the Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》). The document puts forward requirements for improving the management level and efficiency of residential properties from six aspects, including (i) integrating into the grassroots social governance system, (ii) improving the governance structure of owners' associations, (iii) improving property management service levels, (iv) promoting the development of living services, (v) standardizing the use and management of maintenance funds, and (vi) strengthening the supervision and management of property services and so forth.

More and more documents have come out to instruct and encourage the property management industry. This means the industry has attracted growing attention. For one thing, they will promote property service enterprises to expedite the fusion with smart city, Internet, community-based elderly care and other related fields, broaden the property service boundary and change traditional property service operation modes and concepts. For another, they will realize innovation and upgrade of the industry, and boost the property service to become an important industry that will power economic development and people's life improvement.

In recent years, part of nationwide laws, regulations and policies about the property management, which is promulgated by the country and government are as follows:

Time	Laws/Regulations	Main Content
March, 2021	"Draft of the Fourteenth Five-Year Plan for National Economic and Social Development and the Outline of Long-Term Goals for 2035" (《國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標綱要草案》)	The outline (i) puts forward the need to coordinate the welfare of the people in all aspects of employment, income distribution, education, social security, medical care, housing, old-age care, and childcare, and promote the prosperity and development of the service industry;(ii)focus on the needs of industrial transformation and upgrading and household consumption upgrading, expand the effective supply of the service industry, and improve service efficiency and service quality;(iii)deepen the reform and opening up in the service sector; support the high-quality development of Zhejiang to build a demonstration zone for common prosperity.
January, 2021	"Notice on Strengthening and Improving the Residential Property Management" (《關於加強和改進住宅物業管理工作的通知》)	The document puts forward requirements for improving the management level and efficiency of residential properties from six aspects, including (i) integrating into the grassroots social governance system, (ii) improving the governance structure of owners' associations, (iii) improving property management service levels, (iv) promoting the development of living services, (v) standardizing the use and management of maintenance funds, and (vi)strengthening the supervision and management of property services and so forth.

Time	Laws/Regulations	Main Content
2020	"Green Community Creation Action Plan" (《綠色社區創建行動方案》)	The green community creation action takes the vast urban communities as the object of creation, and integrates the concept of green development through the whole process of community design, construction, management and service activities, and promotes the construction and improvement of the community's living environment in a simple, moderate, green and low-carbon way. Continuously satisfy the people's yearning for a better environment and a happy life. By 2022, the green community creation action will achieve remarkable results, and strive to achieve more than 60% of the urban communities nationwide to participate in the creation action and meet the creation requirements, and basically achieve the goal of a clean, comfortable, safe and beautiful living environment in the community.
2020	"Civil Code of the People's Republic of China" (《中華人民共和國民法典》)	(i) The owner's building differentiated ownership and property service contract provisions are incorporated into the Civil Code; (ii) property service revenue and expenditure items are required to be disclosed; (iii) the owner's joint decision should be the owner whose exclusive part accounts for more than two-thirds and the number of people accounts for more than two-thirds of the owners participate in the voting; (iv) if the owners jointly decide to dismiss the real estate service person in accordance with legal procedures, they can terminate the real estate service contract.

Time	Laws/Regulations	Main Content
2019	"Guiding Opinions on the High-quality Development of the Service Industry in the New Era" (《關於新時代服務業高質量發展的指導意見》)	(i) Ten key tasks are clarified, including: promoting service innovation, deepening industrial integration, expanding service consumption, optimizing spatial layout, enhancing employability, building service standards, shaping service brands, improving public services, improving quality supervision, expanding opening up, etc. (ii) In addition, the "Guiding Opinions" specify the need to further optimize the business environment, increase financing support, strengthen talent support, ensure land demand, implement fiscal, tax and price policies, establish and improve statistical systems, and continuously improve the quality, efficiency and level of service industry development in the new era.
2019	"Pilot work plan for the construction of future communities in Zhejiang Province" (《浙江省未來社區建設試點工作方案》)	The plan stipulates that by the end of 2019, Zhejiang Province will cultivate about 20 provincial-level future community pilots. By the end of 2021, cultivate and construct about 100 provincial-level pilots, and establish a future community construction and operation standard system. Starting from 2022, comprehensive replication and promotion will be implemented to consolidate the foundation for future urban development.

Rapid Urbanization and Increasing Per Capita Disposable Income

The growing number of property buyers, improvement of urbanization level and increase in per capita disposable income of urban residents have become major growth drive factors for the property management industry, according to data from CIA. Of the three population growth booms since 1949 in China, the populations in the third and first booms are now aged 32-40 and 62-70 respectively, which have created a robust demand for initial property purchase, improvement-oriented property purchase and elderly care service. China's urbanization rate has risen from 33.4% in 1998 to 63.9% in 2020, and the urban population growth accompanying the rising urbanization level has created a vast property service demand and directly propelled rapid development of the property management industry. In addition, China's rapid economic growth has also brought a continuous increase in the per capita disposable income of urban residents. As of December 31, 2020, the per capita disposable income of China's urban population has risen to RMB43,834. In our opinion, the continuous income growth will greatly stimulate consumers to pursue a higher quality of life, increase the demand for higher-quality property management service and also create a good opportunity for the rapid development of China's property management industry.

Development of Commodity Residential Properties and Continuous Investment in Real Estate Market in the PRC

The enlarging development space of commodity properties in the context of continuous urbanization process and growing per capita disposable income of urban residents has created a tremendous development space for the commodity residential properties and property management market. The total GFA of commodity residential properties already sold in China has risen from 1,285.0 million square meters in 2015 to 1,760.9 million square meters in 2020, representing a compound annual growth rate of 6.5% in 2015 to 2020, according to data from the bureau of statistics. The total GFA of new commodity residential properties has risen from 1,544.5 million square meters in 2015 to 2,244.3 million square meters in 2020, representing a compound annual growth rate of 7.8%.

Capital Market as a Major Driver of the Industry's Organic and Rapid Development

With introduction of policies for deepening reform of the capital market, domestic capital market policy environment has significantly improved. According to CIA, with the development of "Property + Internet" model, the market value of property management companies continue to raise. A total of 38 property management companies have been listed on the Hong Kong Stock Exchange with a total market capitalization of over HK$705.8 billion according to the available data at the closing of trading day on December 31, 2020. Access to capital markets offers a source of funding for property management companies to enrich their service offerings and expand their business scales.

Outbreak of COVID-19 and Its Impact on the Property and Property Management Markets of the PRC and the Yangtze River Delta Region

According to CIA, the impacts of outbreak of COVID-19 on China's property management industry is expected to be limited in the long run, because China's solid economic scale is capable of withholding the impact of COVID-19. In addition, the PRC Government has introduced various types of policies to support the recovery of national economy, including the development of property management industry. The outbreak of COVID-19 also improved the level of trust and stickiness by many property owners on the services of property management companies, and promoted the development of value-added services offered by property management companies such as delivery services, house cleaning and disinfecting services, among others, according to CIA. In the Yangtze River Delta Region, the regional macroeconomic development plans and talent attraction plans in the long run remain unchanged, and thus after the COVID-19 outbreak is effectively controlled, the outlook for the demand of residential and commercial properties and related property management services in the Yangtze River Delta Region and Zhejiang province will remain positive. In the first quarter of 2020, the rate of decline in GDP of the Yangtze River Delta Region was slower than the national average, and its region's GDP contribution to the national economy increased as a result. It is also worth noting that since work resumption in March 2020, the Yangtze River Delta Region saw clear sign of recovery, with various economic indicator rapidly recovering.

Future Trend of China's Property Management Industry

Industry Concentration Will Keep Rising

China's property management industry is relatively scattered with fierce competition. The advent of the real estate stock era and rapid development of the property management industry will create an even bigger development space for the property management market and further increase the industry concentration. Large-sized property management companies will combine organic growth and merger and acquisition of medium and small-sized property management companies to enlarge their properties under management, thereby achieving an effect of scale and enhancing their market position.

Application of Intelligent Devices and Technologies Will Speed Up

As mobile Internet technology and other emerging technologies are rising, property service enterprises have actively introduced intelligent technologies and devices and implemented intelligent upgrade of hardware devices, optimization of management mode, application of mobile terminal and management system, application of artificial intelligence and other means to improve their management efficiency and service quality and curb the cost rise. At the same time, to offer value-added services, property service enterprises have fused mobile Internet, cloud computing and other technologies with properties to nourish the intelligent community platform that delivers a full spectrum of services. They have fully integrated online and offline high-quality resources, upgraded the community-level diversified services based on personalized demands of owners, and enabled a convenient, comprehensive and warm life experience to owners.

Diversified Operations Will Keep Deepening

The Top 100 Property Management Companies have accelerated their value-added service growth and continuously optimized their operating revenue structure to satisfy residents' demand for high-quality and diversified services, according to data from CIA. The revenue from value-added services to non-property owners grew steadily, which accounted for 54.9% of diversified operating income, representing a increase of 0.23 percentage points as compared with 2019. The substantial increase in the revenue from value-added services to property owners was due to the increase in management area on the one hand, on the other hand, the Top 100 Property Management Companies were advancing from multiple dimensions such as demand, products, and channels to develop value-added service products that are close to the real needs of the owners, and promote the continuous increase of the penetration rate of value-added service products.

Talent Professionalization Keeps Going Prominent

For one thing, together with the rapid innovative development in China's property management industry, new crossover technologies have become increasingly mature, and property service enterprises will demand more composite professional management, innovation and technology talents to match the need to develop modern property management and business diversification. For another, property service enterprises will evolve towards lean and professional service integration providers, gradually outsource traditional property services to outsourcing service providers, and pay more attention to customer experience and service quality, so they will need to build a talent reserve with high temperament, strong capacity and professional level, thereby driving a continuous improvement of their service quality.

Liberalization Level Will Keep Rising

In recent years, as the property management industry keeps going increasingly liberalized, a pricing mechanism has gradually taken shape where the market-regulated price is dominant in property service fee and government instruction is auxiliary. Following market principles, enterprises have developed new property projects and various value-added service items, established the market-oriented supply chain mechanism and control flow and fully enhanced their capacity to develop the value-added property market. On the other side, the advent of the stock house era and residents' rising demand for property service quality will promote property service enterprises to evolve towards independent operation under market principles.

Standardized Services Have Laid the Foundation for Expansion and Efficient Operation

In recent years, service standardization has become an important foundation for property service enterprises to realize the expansion in good order and also represents one of the future trends in the property management industry. Standardization represents a core tool that assures a compliant and healthy development of the industry as well as efficient operation of enterprises and a benchmark for the measure of service quality, and plays an important role in boosting the transformation, upgrade and sustainable development of the industry. The standard operation of property service and enhancement of service quality will not only improve the residential satisfaction of owners but also represent an important future trend in the industry.

Industry threats and challenges

According to CIA, the property management industry in China mainly faces the following threats and challenges:

- *Competition.* The property management industry in China is becoming increasingly competitive. Therefore, property owners have more choices and pay more attention to professional and standardized services.

- *Cost Control and Rising labor costs.* Property management fees are mainly charged by property management companies in China on a lump sum basis, and fees are charged with a fixed and predetermined price per sq.m per month. Therefore, when the total costs and expenses increase, and the profit decrease. On the other hand, the property management industry in China is a labor-intensive industry. According to CIA, among China's Top 100 Property Management Companies in 2020, staff costs accounted for 58.32% of service costs. In recent years, the minimum wages in many regions have been raised.

- *Talent shortage.* The property management industry needs a large number of talents to improve the quality of service and expand the scale of property management. Property management companies may be hampered if they are unable to recruit enough suitable talents.

- *Mergers and acquisitions risks.* Many property management companies in China have expanded their business scale through mergers and acquisitions. In addition, many property management companies listed on the Stock Exchange are looking to acquire other property management companies to further expand their business scope and geographic reach. As a result, we may not be able to materialize our plan to acquire independent third-party property management companies with geographical influence and similar market positioning. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our exiting operation." However, mergers and acquisitions may expose such companies to various risks due to the complexity and scale of their business operations, their lack of familiarity with the corporate culture and their failure to retain key personnel.

Historical Price Trends

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

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

According to CIA, the labor cost of Top 100 Property Management Companies continued to increase in percentage of operating costs from 2016 to 2019. From 2016 to 2019, the ratio of labor cost of the Top 100 Property Management Companies was 53.43%, 55.84%, 57.84% and 59.09%. In 2019, the labor costs in the Yangtze River Delta Region and Zhejiang Province accounted for 56.9% and 59.8%, respectively. At the same time the Top 100 Property Management Companies headquartered in the Yangtze River Delta Region have more than 294,000 employees, and provided over 113,000 subcontracting jobs, and the Top 100 Property Management Companies headquartered in the Zhejiang Province have more than 140,000 employees, and provided over 39,000 subcontracting jobs.

Availability of Acquisition Target

According to CIA, the property management industry in the PRC is highly fragmented with significant potential for consolidation and there is a sufficient number of suitable target companies available in the market that meet our criteria. As advised by CIA, as of December 31, 2020, there were approximately 800 property management companies which met our criteria of having GFA under management of at least 3.0 million sq.m. and annual revenue of at least RMB50.0 million for the most recent financial year.

COMPETITION

Competitive Landscape

According to CIA, China's property management industry features a high level of differentiation and fierce competition. In 2020, the property management industry had about 200,000 property management service providers. As of December 31, 2020, the top ten among the Top 100 Property Management Companies took a market share of 10.2% in terms of GFA under management. In recent years, China's property management market has become increasingly concentrated, and the distribution of the Top 100 Property Management Companies has also gone differentiated. On average, property management companies of larger scale have recorded higher revenue, net profit, and better respective growth margins in 2020.

According to CIA, in 2020, the Top 100 Property Management Companies accounted for 19.4% of the GFA under management in the Yangtze River Delta Region in terms of geographical area, which is the highest in China's major metropolitan areas. Of the Top 100 property management service providers, 70 are headquartered in the Yangtze River Delta Region and 28 of them are headquartered in Zhejiang Province.

Our Competitive Status in the Yangtze River Delta Region and Zhejiang Province

As of December 31, 2020, our total GFA under management reached about 24.9 million sq.m., ranking at the 13th position among the Top 100 Property Management Service Companies headquartered in the Yangtze River Delta Region and ranking at the 4th position among the Top 100 Property Management Service Companies headquartered in Zhejiang Province. Our income ranks at the 15th position among the Top 100 Property Management Service Companies headquartered in the Yangtze River Delta Region and ranks at the 4th position among the Top 100 Property Management Service Companies headquartered in Zhejiang Province. Our net profit ranks at the 12th position among the Top 100 Property Management Service Companies headquartered in the Yangtze River Delta Region and ranks at the 4th position among the Top 100 Property Management Service Companies headquartered in Zhejiang Province. The growth rate of net profit ranks at the 8th position among the Top 100 Property Management Service Companies headquartered in the Yangtze River Delta Region and ranks 3rd among the Top 100 Property Management Service Companies headquartered in Zhejiang Province in 2019.

The ranking of nationwide market share among the Top 100 Property Management Companies headquartered in the Yangtze River Delta Region in 2020 are as follow:

Ranking	Companies	Nationwide Market Share	Status and Background
1	Company A	0.96%	Listed on the Main Board of the Stock Exchange, focusing on comprehensive property management market in nationwide.
2	Company B	0.39%	Listed on Main Board of the Stock Exchange, mainly focusing on residential property management market in Yangtze River Delta, Bohai Rim, South and Midwest China.
3	Company C	0.39%	Listed on Main Board of the Stock Exchange, focusing on comprehensive property management market mainly in east area of China.
4	Company D	0.27%	Listed on the Shanghai Stock Exchange, focusing on comprehensive property management market mainly in the Yangtze River Delta, Bohai Rim, Pearl River Delta and other inland provincial capitals.
5	Company E	0.25%	Listed on Main Board of the Stock Exchange, focusing on comprehensive property management market mainly in the Yangtze River Delta, especially in the Jiangsu Province.
13	Our Group	0.09%	–

The ranking of nationwide market share among the Top 100 Property Management Companies headquartered in Zhejiang Province in 2019 are as follow.

Ranking	Companies	Nationwide Market Share	Status and Background
1	Company A	0.96%	Listed on the Main Board of the Stock Exchange, focusing on comprehensive property management market in nationwide.
2	Company D	0.27%	Listed on the Shanghai Stock Exchange, focusing on comprehensive property management market in the Yangtze River Delta, Bohai Rim, Pearl River Delta and other inland provincial capitals.
3	Company F	0.12%	Listed on Main Board of the Stock Exchange, focusing on residential property management market mainly in the Yangtze River Delta, especially in the Zhejiang Province
4	Our Group	0.09%	–

Source: Organized and Calculated by China Index Academy

Note: The ranking and market share are based on the Top 100 Property Management Companies headquartered in Yangtze River Delta and Zhejiang Province

By the end of 2020, our total GFA under management reaches about 24.9 million sq.m., with a market shares approximately 0.09% in the property management industry across China, accounting for 0.2% market share of the Top 100 Property Management Companies. Based on GFA under management, from the perspective of Top 100 Property Management Companies headquartered in the Yangtze River Delta Region, market shares of Shengquan Property is 1.45% and from the perspective of Top 100 Property Management Companies headquartered in Zhejiang Province, market shares of Shengquan Property is 3.7%.

Entry Barriers

According to CIA, China's property management industry has certain access thresholds. These access thresholds (which will be elaborated below) include brand value, capital threshold, management quality and talent.

- Brand value: The increase in residents' consumption quality, overall level improvement of the property management industry and fiercer competition in the industry have posed higher requirements for the property service quality and brand is increasingly becoming an access threshold in the property management industry. Longer operation period, good word of mouth in the market, good brand image and higher service quality are the key to obtain high-quality business opportunities. Having offered years-long services, we and other property management companies in China have accumulated certain brand value and quality reputation, and on the contrary, new market participants will encounter bigger challenges when entering the market;

- Funding threshold: While growing bigger, property service enterprises will pay more attention to the technical evolution featuring automation and intelligence, buy machinery and equipment to replace artificial work and build the enterprise information management system. Moreover, they gradually promote community intelligence to enhance the management efficiency and evolve the industry from a labor-intensive industry to an industry that is intensive in both technology and fund, thereby raising the funding threshold for new participants in the property management industry;

- Management threshold: As the industry is getting increasingly competitive, the management team, its management experience and level will gradually become an important factor for the core competitive strengths of an enterprise. Excellent property service enterprises have respective characteristics in content of property management, use of information system and financial management, and have evident advantages in taking over large-sized projects, thereby forming certain management threshold; and

- Professional talent and technology threshold: The property management industry is intensive in labor. Various management talents and professional technical talents at the medium and high levels together with the long-term stable talent cultivation mechanism and human resource advantage represent an important support for property service enterprises to realize successful operation. Besides, with the application of Internet technologies, property service enterprises will innovate business models, and vigorously develop value-added services to property owners and non-property owners, and professionals will become more important.

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

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The establishment, operation, and management of corporate entities in the PRC is governed by the PRC Company Law, which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on December 29, 1993, and came into effect on July 1, 1994. The Company Law was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, and October 26, 2018. The Company Law generally governs two types of companies, namely limited liability companies and joint-stock limited companies, both of which have the status of legal persons, and the liability of shareholders of a limited liability company or a joint-stock limited company is limited to the amount of registered capital they have contributed. The Company Law shall also apply to foreign-invested companies in the form of limited liability company or joint-stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On March 15, 2019, the NPC approved the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "Foreign Investment Law"), which came into effect on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》), and became the legal foundation for foreign investment in the PRC. 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.

The Implementing Regulation for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law of the PRC.

On December 30, 2019, the MOFCOM and the State Administration of Market Regulation jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020, and pursuant to which, the establishment of the foreign-invested enterprises, including establishment through purchasing the equities of a domestic non-foreign-invested enterprise or subscribe to the increased capital of a domestic non-foreign funded enterprise, and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

The Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》), which was promulgated by the State Council on February 11, 2002, and became effective on April 1, 2002, categorizes all foreign-invested projects into encouraged, permitted, restricted, and prohibited projects. Foreign investment projects that are not of the encouraged, restricted and prohibited categories belong to the permitted foreign investment projects.

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version) (《外商投資准入特別管理措施(負面清單)》(2020年版)) (the "**Negative List**") was promulgated by the NDRC and the MOFCOM on June 23, 2020 and became effective on July 23, 2020. The Catalogue of Industries for Encouraging Foreign Investment (2019 Version) (《鼓勵外商投資產業目錄》(2019年版)) (the "**Encouraging Catalogue**"), was promulgated by the NDRC and the MOFCOM on June 30, 2019, and became effective on July 30, 2019. According to the Negative List and the Encouraging Catalogue, the property management service does not fall into the encouraged, restricted, or prohibited categories and therefore it shall be classified as permitted foreign-invested projects.

REGULATIONS ON PROPERTY MANAGEMENT SERVICE

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

Regulations on the Qualification of Property Management Companies

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

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

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

According to the Decision of the State Council on Cancelling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), which was promulgated by the State Council on January 12, 2017, the examination and approval of second grade or lower qualifications of property management enterprises were canceled. According to the Decision of the State Council on Cancelling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》), which was promulgated by the State Council on September 22, 2017, the examination and approval of the first-grade qualification of property management enterprises were canceled.

According to the Notice of the General Office of MOHURD on Effectively Implementing the Work of Cancelling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》), which was promulgated by the General Office of the MOHURD on December 15, 2017, application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects. The real estate administration department at and above the county level shall instruct and supervise the property management work, and the integrity management system of the property management industry will be established, the supervision of property management enterprises will be based on credit appraisal.

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

Regulations on Appointing the Property Management Enterprise

In accordance with the Civil Code, to appoint or dismiss a property management enterprise 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 enterprise or other management managers appointed by the property developer.

According to the Regulation on Property Management, the selecting, employing and dismissing of property management enterprise shall be subject to the approval by owners who possess exclusive areas accounting for more than half of the total construction area of buildings and property owners who account for more than half of the total number of property owners. Before the engagement of a property management enterprise by property owners or the property owners' general meeting, a written preliminary service agreement should be entered into between the construction entity (for example, a property developer) and the selected property management enterprise. A sales contract concluded by the construction entity and the realty buyer shall include the contents stipulated in the preliminary service agreement. The preliminary service agreement will be terminated upon the coming into effect of a property service agreement entered into between the property owners' committee and the property management enterprise.

According to the Civil Code, a quorum for the general meeting of the property owners to engage or dismiss a property management enterprise shall consist of the property owners who holding more than two-thirds of exclusive parts and representing more than two-thirds of the total number of property owners. A general meeting of the property owners of a community can engage or dismiss a property management enterprise with affirmative votes of property owners who participate in the voting and own more than half of the exclusive parts and who account for more than half of the total number of the property owners participating in the voting. In addition, the Civil Code clarifies that if property owners do not renew the property service agreement or engage a new property service provider upon expiration of the term of property management services, the original property service agreement shall continue to be valid without a fixed term. Each party may rescind the contract by sixty days' advance written notice to the other parties.

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

Regulations on the Fees Charged by Property Management Enterprise

According to the Administrative Measures for Property Service Charges (《物業服務收費管理辦法》) (the "**Administrative Measure**"), which was jointly promulgated by the NDRC and the Ministry of Construction on November 13, 2003, and came into effect on January 1, 2004, property management enterprises are permitted to charge property service fees from property owners for repairing, maintaining and managing houses as well as ancillary facilities, equipment, and relevant sites, and ensuring the sanitation and order of relevant areas according to property service agreements. In addition, property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the unique nature and characteristics of different property and be priced under the government's guidance and market regulation respectively. Specific pricing rules shall be determined by competent price departments under the people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government, in concert with the competent departments of real estate.

Pursuant to the Administrative Measures, as agreed between the property owners and property management enterprise, the fees for property management services can be charged either as a lump sum of all property management fees collected (包幹制), in which case property owners pay fixed property management fees to property management enterprise who shall enjoy or assume all the profits or losses as its own risk, or a fixed percentage of property management fees collected (酬金制), in which case property management enterprise may collect its service fees in the proportion or amount as agreed from the property management income in advance, the rest of which shall be exclusively used on the items as stipulated in the property service agreement, and property owners shall enjoy or assume the surplus or shortage. Property management enterprises shall, pursuant to the applicable rules of the competent price departments under governments, clearly mark the prices of property services, and publish in a prominent position in areas under their management information about services, criteria of services, charging items, charging criteria, etc.

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

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

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

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

Property Management Service Outsourcing

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

Judicial Interpretation

According to Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Property Service Disputes (《最高人民法院關於審理物業服務糾紛案件適用法律若干問題的解釋》), which was promulgated by the Supreme People's Court on December 29, 2020, and came into effect on January 1, 2021.

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

Property Management Reform

Notice on Reinforcement and Improvement of Residential Property Management (《關於加強和改進住宅物業管理工作的通知》), which was issued by the MOHURD, the Political and Legal Committee of the CPC Central Committee, the Central Steering Committee for the Construction of Spiritual Civilization, the National Development and Reform Commission, the Ministry of Public Security, the Ministry of Finance, the Ministry of Human Resources and Social Security, the Ministry of Emergency Management, the State Administration of Market Supervision and Administration, and the China Banking and Insurance Regulatory Commission and became effective on December 25, 2020. The main points of these provisions are as follows:

During the period of response to public emergencies, the street units guide property management enterprises to carry out response work, and give material and financial support. Delegating property management enterprises to undertake public service matters, the street units should pay the corresponding fees to the property management enterprises.

The property owners' committee annually disclose the information of the operation and revenue of property owners' common parts, the use of maintenance funds, funding expenditures and others to the property owners to protect their right to know and supervise. The proceeds from the operation of the property owners' common parts shall be mainly used to supplement the maintenance funds.

Property service price is mainly formed through market competition, agreed by the owners and property management enterprises in the property service agreement. Promote the remuneration billing method. Guide property owners and property management enterprises to adjust the property service price through the contract. If the property service price is guided by the government, the price department with pricing authority and the housing and urban-rural construction department shall formulate and publish the benchmark prices and their fluctuations, and establish a dynamic adjustment mechanism.

Under the precondition of security assurance and property owners' common decision-making consent, the idle housing can be used for staff accommodation. Eligible employees are given priority in the scope of housing guarantee.

Promote the integrated development of online and offline services. Encourage qualified property management enterprises to explore the "property service + life service" model to meet the diverse and multi-level living needs of residents. Property management enterprises to carry out endowment service, housekeeping service and other life service business, can apply for the corresponding preferential support in accordance with policies.

Establish a public disclosure system of service information. Property management enterprises to carry out housekeeping service, endowment service and other service business should also publicize the charged service fees, agreed in the contract between both parties. Property management enterprises shall not charge fees other than the publicized charges.

Explore the establishment of the sound property service agreement record system and project leader record system. Improve the property management bidding system. Guide property owners' committees to select and hire property management enterprises through public bidding.

REGULATIONS ON OUR OTHER BUSINESSES

Real Estate Brokerage Business

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) which was issued by the SCNPC on July 5, 1994, and came into effect on January 1, 1995, and revised on August 30, 2007, August 27, 2009 and August 26, 2019, real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, etc. A Real estate intermediate agency shall meet the following conditions (i) has their own name and organization; (ii) has a fixed business site; (iii) has the necessary assets and funds; (iv) has a sufficient number of professionals; and (v) has other conditions specified by laws and administrative regulations.

According to the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》) issued by the MOHURD, the NDRC and the Ministry of Human Resources and Social Security (the "**MOHRSS**") on January 20, 2011, and came into effect on April 1, 2011, and revised on March 1, 2016, real estate brokerage refers to the acts of providing intermediary and agency services and collecting commissions from clients by real estate brokerage institutions and real estate brokers to promote real estate transactions. The establishment of a real estate brokerage institution or a branch of a real estate brokerage institution shall require enough number of real estate brokers, who is engaging in real estate brokerage activities. Furthermore, a real estate brokerage agency and its branches shall file with the construction (real-estate) supervising department of the people's government of the local municipality/city/county within 30 days from the date of receiving the business license.

Security and Guarding Services

According to the Regulation on the Administration of Security and Guarding Services (《保安服務管理條例》) (the "**Order of State Council No. 564**"), which was promulgated by the State Council on October 13, 2009 and became effective on January 1, 2010, guard, patrolling, order maintenance and other services in a property management region conducting by the personnel who are recruited by a property service entity is one of the security service. An entity recruiting security guards by itself shall, within 30 days after the start of security and guarding services, file with the public security organ of the people's government of the local districted city with the following materials (i) a certificate on the legal person status; (ii) basic information about the legal representative (chief person in charge), the divisional person in charge and the security guards; (iii) basic information about the security and guarding service area; and (iv) information about the establishment of security and guarding service management system, accountability system, and security guard management system. Where such an entity no longer recruits security guards for security and guarding services, it shall, within 30 days from the date of termination of the security and guarding services, cancel the filing of service in the original public security organ.

Fire Protection

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, and was amended on October 28, 2008 and April 23, 2019, property management enterprises of residential districts shall carry out maintenance and administration of common firefighting facilities within the area under their management, and provide fire safety prevention services.

Internet Information Services

According to the Administrative Measures on the Internet Information Services (《互聯網信息服務管理辦法》), which was issued by the State Council on September 25, 2000, and revised on January 8, 2011, the Internet information service refers to the provision of information through the Internet to web users, and the Internet information service is divided into two categories: profitable and non-profitable Internet information service. Profitable Internet information service refers to the provision with the charge of payment of information through the Internet to web users or web page designing, etc. Non-profitable Internet information service, on the other hand, refers to the provision free of charge of public, commonly-shared information through the Internet to web users. Furthermore,an entity engaged in providing profitable Internet information service shall apply for a license for value-added telecommunication services from telecommunications administrative authorities. As for the operation of non-profitable Internet information services, record-filing is required. The Internet information service providers shall provide services within the scope of their licenses or filing. Non-profitable internet information service providers shall not provide services with the charge of payment. In case the Internet information service provider changes its services, website address, etc., it shall submit such changes within 30 days in advance at the original approving authority or record-filing authority.

Mobile Internet Application Information Services

According to the Provisions on Administration of the Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), which was issued by the Cyberspace Administration of PRC (國家互聯網信息辦公室) (the "**CAPRC**") on June 28, 2016, and came into effect on August 1, 2016, entities providing information services through the mobile Internet applications shall obtain relevant qualifications according to law. The mobile Internet application providers and the Internet application store providers shall not use the mobile Internet applications to carry out illegal activities that endanger national security, disturb public order, and infringe upon other's legal rights and interests, or use the mobile Internet applications to produce, copy, issue, and spread illegal information prohibited by laws and regulations. In addition, the CAPRC shall be responsible for the supervision and administration of information on mobile Internet applications. The local cyberspace administrative authorities shall be responsible for the supervision and administration of information on the mobile Internet application program within the administrative regions.

According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, network operators shall comply with laws and regulations and fulfill their obligations to ensure the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality, and availability of network data. In addition, the network operators shall neither collect the personal information irrelevant to the services provided by them nor collect or use the personal information in violation of the provisions of any laws or administrative regulation or the agreement between both parties.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) to enhance the protection of information security and privacy on the Internet. On July 16, 2013, the Ministry of Industry and Information Technology (the "**MIIT**") promulgated the Provisions on Protection of Personal Information of Telecommunication and the Internet Users (《電信和互聯網用戶個人信息保護規定》), which became effective on September 1, 2013, to regulate the collection and use of personal information of users in the provision of telecommunication service and the Internet information service.

According to the Several Provisions on Regulating the Market Order of the Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) (the "**Provisions**"), which promulgated by the MIIT on December 29, 2011, and came into effect on March 15, 2012, without the consent of users, the Internet information service providers shall neither collect information which is relevant to users and can serve to identify users solely or in combination with other information (the "personal information of users") nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Provisions also require that the Internet information service providers shall properly preserve the personal information of users.

Judicial Interpretation

On May 9, 2017, the Supreme People's Court and the Supreme People's Procuratorate jointly released the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the "**Interpretations**"), which became effective on June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information", which was prescribed in Article 253 of the Criminal Law of the PRC (《中華人民共和國刑法》), including the definition of "citizen's personal information", "provision" of citizens' personal information, and "unlawful acquisition" of citizens' personal information. In addition, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of such crime.

REGULATIONS ON FOREIGN CURRENCY EXCHANGE

According to the Administrative Regulation on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996, and last amended on August 5, 2008, RMB is freely convertible for payments of current items such as trade and service-related foreign exchange transactions and dividend payments. However, RMB is not freely convertible for capital items, such as direct investment, loans, or investments in securities outside the PRC unless the approval of the State Administration of Foreign Exchange (the "**SAFE**") or its local counterparts.

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

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》) which was promulgated by the SAFE on October 23, 2019, and became effective on the same day, foreign-invested enterprises 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 laws and regulations 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 authentic and compliant.

On January 18, 2017, the SAFE promulgated the Notice on Improving the Examination of Authenticity and Compliance to Further Promote the Reform of Foreign Exchange (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (the "**Circular 3**"), which stipulates several capital control measures concerning the outbound remittance of profit from domestic entities to offshore entities, including (i) banks shall examine board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall cover losses in the previous years before remitting the profits. Moreover, according to the Circular 3, domestic entities shall make detailed explanations of the sources of capital and use of funds (use plan) to the banks, and provide board resolutions, contracts, and other proof when completing the registration procedures of outbound investment.

SAFE Circular 37

The SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**") on July 4, 2014, which replaced the former circular commonly known as SAFE Circular 75 promulgated by the SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. Failure to comply with the various SAFE registration requirements described above could result in liability under the PRC law for evasion of foreign exchange controls.

On February 13, 2015, the SAFE released the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademarks

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**"), which was promulgated by the SCNPC on August 23, 1982, and subsequently amended on February 22, 1993, October 27, 2001, August 2013, and April 23, 2019, as well as the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (the "**Implementation Regulation**") promulgated by the State Council on August 3, 2002, and amended on April 29, 2014. According to the Trademark Law and the Implementation Regulation, the Trademark Office of State Intellectual Property Office (國家知識產權局商標局) (the "**Trademark Office**") handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. In addition, under the Trademark Law, the trademark registrant may license its registered trademark to another party by entering into a trademark licensing agreement. The trademark licensing agreements must be filed with the Trademark Office to be recorded, while the non-filing of the licensing of a trademark shall not be used as a defense against a good faith third-party. The licensor shall supervise the quality of the commodities on which the licensee uses the registered trademark, and the licensee shall guarantee the quality of such commodities. Furthermore, the Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark that has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may neither infringe upon the existing rights of others nor register a trademark, which has already been used by another party and has gained "a sufficient degree of reputation" in advance by illicit means.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of the Internet Domain Names (《互聯網域名管理辦法》), which promulgated by the MIIT on August 24, 2017, and took effect on November 1, 2017, and the Implementing Rules on Registration of Domain Names (《中國互聯網絡信息中心域名註冊實施細則》), which was promulgated by the China Internet Network Information Center on May 28, 2012, and took into effect on May 29, 2012. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC Internet domain names. The domain name services follow a "first-to-file" principle. Applicants for registration of domain names shall provide their true, accurate, and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

REGULATIONS ON TAXATION

Enterprise Income Tax

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

Dividends Withholding Tax

According to the EIT Law and its Implementation Regulation, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Double Tax Avoidance Arrangement**") promulgated on August 21, 2006, and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007, and in mainland China to any year commencing on or after January 1, 2007, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Double Tax Avoidance Arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice of the State Administration of Taxation on Certain Issues Concerning the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》), which was promulgated and took into effect on February 20, 2009, by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to an arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

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

Value-added Tax

According to the Provisional Regulation on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993, and came into effect on January 1, 1994, and was amended on November 5, 2008, February 6, 2016 and November 19, 2017, and the Implementing Rules for the Provisional Regulation of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by Ministry of Finance (the "**MOF**") on December 25, 1993, and amended on December 18, 2008 and October 28, 2011, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax.

Since January 1, 2012, the MOF and the SAT have implemented the Pilot Plan for Levying Value-Added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點方案》), which imposes value-added tax in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded the scope of the pilot plan to other regions within the PRC. In accordance with the Notice on Fully Launch of the Pilot Plan for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) which was issued by the MOF and the SAT on March 23, 2016, and came into effect on May 1, 2016, the state started to fully implement the pilot plan from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in the construction industry, real estate industry, financial industry, and living service industry have been included in the scope of the pilot plan and should pay value-added at the rate of 6% instead of paying business tax.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

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

Social Insurance and Housing Fund

According to the Social Security Law of the PRC (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on October 28, 2010, and came into effect on July 1, 2011, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which came into effect on January 22, 1999, the Regulation on Work-Related Injury Insurance (《工傷保險條例》) implemented on January 1, 2004, and amended on December 20, 2010, and the Regulations on Unemployment Insurance (《失業保險條例》), which was promulgated on January 22, 1999, and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work-related injury insurance an maternity insurance contributions shall only be paid by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a prescribed time limit, 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 prescribed time limit, the relevant administrative authorities shall impose a fine ranging from 1 to 3 times the outstanding amount.

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

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

REGULATIONS ON M&A

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. According to Article 2 of the M&A Rules, "merger and acquisition of domestic enterprises by foreign investors" referred to in the M&A Rules shall mean that a foreign investor purchases the equity interest of a shareholder in a domestic non-foreign-invested enterprise ("domestic company") or subscribes for increased capital of a domestic company so as to convert such domestic company into a foreign-invested enterprise ("merger and acquisition of equity interest"); or, a foreign investor establishes a foreign-invested enterprise, through which it purchases and operates the assets of a domestic enterprise by agreement, or, a foreign investor purchases the assets of a domestic enterprise by agreement and then invests such assets to establish a foreign-invested enterprise and operates the assets ("**merger and acquisition of assets**"). According to Article 11 of the M&A Rules, the merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or individual in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or individual shall be subject to examination and approval by the MOFCOM. The parties involved shall not use domestic investment by foreign invested enterprises or other methods to circumvent the aforesaid requirements.

OUR HISTORY AND DEVELOPMENT

Overview

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 22, 2020 as the holding company of our Group. We are a comprehensive property management services provider in the PRC.

History

Our history can be traced back to 2001 when our Controlling Shareholder, Mr. Hu, started to engage in the business of property management services via Deqing Zhongfang Property Management Co., Ltd. (德清縣中房物業管理有限公司), a company wholly owned by him. In 2006, Deqing Zhongfang Property Management Co., Ltd. was merged with Shengquan Property, one of our principal operating subsidiaries in the PRC, for the purpose of our further business development in the property management industry with a simplified structure. Dexin China is a large-scale property developer in the PRC controlled by Mr. Hu with which we have maintained a cooperative relationship over the years. Leveraging our relationship with Dexin China, we have successfully provided various property management services to projects developed by Dexin Group and its joint ventures and associates and further expanded our services to independent third-party projects. To further expand our property management services, we commenced our value-added services to non-property owners and community value-added services property owners and residents in 2013.

As of December 31, 2020, the total number of residential and non-residential projects under our management amounted to 175, covering 24 cities across 7 provinces in the PRC, with a total GFA under management of approximately 24.9 million sq.m. We expand by actively securing property management service agreements for properties developed by independent third-party property developers. As of December 31, 2020, our GFA under management from projects developed by independent third-party property developers was 16.1 million sq.m., accounting for approximately 64.7% of our total GFA under management.

With over 16 years of operation, we have built up our brand value and have become a well-recognized comprehensive property management service provider in the Yangtze River Delta Region with an important market position in the Zhejiang Province. According to CIA, in 2020, we ranked fourth in terms of GFA under management and fourth in terms of revenue among the Top 100 Property Management Companies in the PRC headquartered in the Zhejiang Province, respectively.

Business Development Milestones

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

Year	Event
2004	Shengquan Property, one of our principal operating subsidiaries, was established to provide property management services.
2005	Hefei branch office of Shengquan Property was established to provide property management services in Anhui Province.
2007	Shengquan Property was awarded Level Two qualification certificate of National Property Service Enterprise (國家物業服務企業二級資質).
2008	Shengquan Property was awarded Level One qualification certificate of National Property Service Enterprise (國家物業服務企業一級資質).
2011	Shanshui Mingcheng (山水名城), one of the projects under our management was awarded "2011 Demonstration Residential Community in Zhejiang" (2011年度全省物業示範住宅小區).
2012	Shanghai branch office of Shengquan Property was established to provide property management services in Shanghai.
2013	We started to provide property management services to non-residential properties such as hospitals.
2014	We were honored as one of the Top 100 Property Management Companies in the PRC (中國物業服務百強企業) by CIA for eight consecutive years commencing from 2014. Shengquan Property was appointed as the standing member in the fourth administrative committee of China Property Management Institute (中國物業管理協會第四屆理事會常務理事).
2015	Shengquan Property became quoted on the NEEQ.
2018	We were ranked 28th by CIA among the Top 100 Property Management Companies in the PRC (中國物業百強企業) in terms of overall strength. Shengquan Property was delisted from the NEEQ.

Year	Event
2019	We were recognized as a "Leading Brand in the PRC Property Management Industry in terms of Market Operation" (中國物業服務市場化營運領先品牌企業) by CIA.
	We were awarded "Leading Property Management Company in terms of Characteristics Services (China Warm Community and Happy Life Service Provider)" (中國物業服務特色品牌企業 (中國溫情社區美好生活服務商)).
2020	We were ranked 27th by CIA among the Top 100 Property Management Companies in the PRC (中國物業百強企業) in terms of overall strength.
	We were awarded as "Top 100 Blue Chip Property Management Companies" (藍籌物業百強企業) and "Regional Leader by Value" (區域價值領先企業) by Economic Observers.
2021	We were ranked 25th by CIA among the Top 100 Property Management Companies in the PRC (中國物業百強企業) in terms of overall strength.

OUR CORPORATE DEVELOPMENT

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on October 22, 2020, and became the holding company and listing vehicle of our Group upon completion of the Reorganization. See "—Reorganization" below for more details.

Our principal operating subsidiaries in the PRC

During the Track Record Period and as of the Latest Practicable Date, our business operations had been carried out by our operating subsidiaries established or acquired by our Group in the PRC. Our principal operating subsidiaries comprise major holding companies and/or subsidiaries which contributed a substantial amount of revenue and profit of our Group during the Track Record Period. Set out below are the major corporate developments including major changes in the equity interests in our principal operating subsidiaries in the PRC during the Track Record Period:

Shengquan Property

Shengquan Property was established in the PRC as a limited liability company on March 29, 2004 with an initial registered and paid up capital of RMB1,000,000. As of the date of its establishment, Shengquan Property was owned as to 51% by Dexin Holdings and 49% by Hangzhou Hufeng Property Consultation Co., Ltd. (杭州互豐置業諮詢有限公司) ("**Hangzhou Hufeng**"), an Independent Third Party.

Subsequent to a series of equity transfers and increase in registered capital during the period of March 29, 2004 and April 24, 2014, Shengquan Property remained controlled by Mr. Hu. On April 25, 2014, Dexin Holdings transferred its 100% equity interest in Shengquan Property to Shengquan Holdings at a consideration of RMB50,800,000, which was determined after arm's length negotiations between the parties with reference to the then paid up registered capital, and was fully settled. Upon completion of such equity transfer, Shengquan Property became wholly owned by Shengquan Holdings.

In April 2015, Shengquan Property adopted an employee share incentive scheme in order to retain talent, promote the long-term sustainable development of our Group and achieve mutual gain for Shengquan Property, its employees and its shareholder. For the purpose of implementing the adopted employee share incentive scheme, on April 23, 2015, Shengquan Holdings transferred its 20% equity interest in Shengquan Property to Deqing Kaibang at a consideration of RMB11,684,000, which was determined after arm's length negotiations between the parties with reference to the then paid-up registered capital of Shengquan Property. Deqing Kaibang was established in July 2014 and prior to the Reorganization, it was owned as to approximately 63.57% by Hangzhou Hengyi Equity Investment Partnership (Limited Partnership) (杭州恒益股權投資合伙企業(有限合伙)) (as a general partner and was controlled as to approximately 91.61% by Mr. Hu and 8.39% by Ms. Wei), 1.70% by Ms. Zhu Xiaoli (朱曉莉) (our executive Director), 4.50% by Mr. Liu Yibing (劉義兵), 1.25% by Mr. Chen Xin (陳昕), 1.50% by Ms. Zhao Lixiang (趙麗湘) (each of them a member of our senior management), and 27.48% by nine employees of Shengquan Property. Upon completion of such equity transfer, Shengquan Property became owned as to 80% by Shengquan Holdings and 20% by Deqing Kaibang.

In contemplation of quotation on the NEEQ, on June 29, 2015, Shengquan Property was converted into a joint stock company. On October 19, 2015, Shengquan Property obtained the approval for quotation of its shares on the NEEQ with a paid-up registered capital of RMB50,800,000. Subsequently, Shengquan Property commenced trading of its shares on the NEEQ on November 10, 2015. On April 12, 2016, the registered capital of Shengquan Property was increased to RMB55,800,000 with RMB5,000,000 contributed by Shengquan Holdings.

Shengquan Property was delisted from the NEEQ on December 19, 2018. Upon the delisting, the registered capital of Shengquan Property remained as RMB55,800,000. Having considered the following factors, our Directors believe that it is in the best interests of our Company and our Shareholders as a whole to delist Shengquan Property from the NEEQ and to apply for the Listing in Hong Kong:

(i) the NEEQ adopts a market maker, negotiated transfer or investor competing transfer trading mechanism rather than a continuous auction mechanism, which significantly limits investor discovery and order execution;

(ii) the Listing will be in the interests of our Group's future business development, and would be beneficial to us and our Shareholders as a whole given the Stock Exchange, as a leading player of the international financial markets, could offer us direct access to the international capital markets, enhance our fund-raising capabilities and channels and broaden our Shareholders base;

(iii) the Listing on the Stock Exchange will further raise our business profile and thus, enhance our ability to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group's business; and

(iv) a dual listing on both the Stock Exchange and the NEEQ would impose extra administrative, accounting and financial burden on us.

As confirmed by our PRC Legal Advisors, the delisting of Shengquan Property from the NEEQ was duly completed and the necessary approvals had been obtained. Our Directors confirmed that (i) during the period in which the shares of Shengquan Property were quoted on the NEEQ, Shengquan Property, its subsidiaries and its directors were not involved in any breach or suspected breach of the applicable rules or regulations of the NEEQ in any material aspects; and (ii) there has not been any matter that needs to be brought to the attention of the regulators and investors in Hong Kong in respect of Shengquan Property's quotation on the NEEQ. Based on the PRC Legal Advisors' opinion and the due diligence conducted, the Sole Sponsor concurs with the Directors' confirmation that during the period which the shares of Shengquan Property were quoted on the NEEQ, Shengquan Property was not involved in any breach or suspected breach of the applicable rules or regulations of the NEEQ in any material aspects.

Upon completion of delisting from NEEQ, Shengquan Property was owned as to approximately 76.82% by Shengquan Holdings, 18.21% by Deqing Kaibang and 4.97% by certain independent shareholders. Subsequent to a series of equity transfers and increase in registered capital during the period of February 25, 2019 and March 13, 2020, Shengquan Property became owned as to approximately 81.79% by Shengquan Holdings and 18.21% by Deqing Kaibang.

In preparation for the Listing, on September 2, 2020, Shengquan Property was converted from a joint stock company to a company with limited liability.

As a result of the Reorganization, Shengquan Property became an indirect wholly-owned subsidiary of our Company. See "—Reorganization" below for more details. As of the Latest Practicable Date, Shengquan Property had been principally engaged in the provision of property management services in the PRC.

Hangzhou Junde

Hangzhou Junde was established in the PRC as a limited liability company on May 16, 2019 with an initial registered capital of RMB10,000,000. Since its establishment, Hangzhou Junde has been wholly owned by Shengquan Property. As of the Latest Practicable date, Hangzhou Junde was an indirect wholly-owned subsidiary of our Company and had been principally engaged in the provision of home decoration services, property sales and assistance services.

Xier Technology

Xier Technology was established in the PRC as a limited liability company on September 24, 2015 with an initial registered capital of RMB5,000,000. As of the date of its establishment, Xier Technology was owned as to 60% by Shengquan Holdings and 40% by Megvii (Beijing) Technology Co., Ltd. (北京邁格威科技有限公司) (formerly known as Beijing Xiaokong Technology Co., Ltd. (北京小孔科技有限公司), "**Beijing Megvii**"), an Independent Third Party.

On April 28, 2017, Deqing Xiwang Investment Management Partnership (Limited Partnership) (德清悉望投資管理合伙企業(有限合伙)) ("**Deqing Xiwang**") (a limited liability partnership established in the PRC which, to the best information, knowledge and belief of our Directors, its general partner and limited partners were Independent Third Parties at the material time) agreed to inject RMB5,000,000 as its contribution to the registered capital of Xier Technology. At such time, it was the mutual understanding of Shengquan Holdings and Deqing Xiwang that Shengquan Holdings would, through entrustment of voting rights, continue to maintain control in Xier Technology upon completion of the investment. As such, it was agreed between Shengquan Holdings and Deqing Xiwang that Deqing Xiwang would entrust its voting right attached to its 50% equity interest in Xier Technology to Shengquan Holdings and such arrangement was subsequently confirmed between the parties by way of a voting right entrustment agreement. Our PRC Legal Advisors are of view that such voting right arrangement is in compliance with the relevant PRC laws and regulations. On April 28, 2017, the registered capital of Xier Technology was increased from RMB5,000,000 to RMB10,000,000 where RMB2,000,000 out of RMB5,000,000 of the registered capital contribution commitment had been paid up by Deqing Xiwang. Upon completion of such capital injection, Xier Technology became owned as to 50% by Deqing Xiwang, 30% by Shengquan Holdings and 20% by Beijing Megvii.

Due to commercial reasons with an aim to divesting its interest in Xier Technology, on January 24, 2018, an equity transfer agreement was entered into between Deqing Xiwang and Dexin Yunchuang pursuant to which Deqing Xiwang agreed to transfer its 50% equity interest (including the registered capital contribution commitment of RMB3,000,000 to be paid up in accordance with the articles of association of Xier Technology at the relevant time) in Xier Technology to Dexin Yunchuang at a consideration of RMB2,000,000, which was determined after arm's length negotiations between the parties with reference to the paid up registered capital of Xier Technology by Deqing Xiwang at the relevant time and was fully settled. On July 12, 2018, the registered capital of Xier Technology was further increased to RMB31,272,111 among which RMB16,000,000 was contributed by Shengquan Holdings following the conversion of loan owed by Xier Technology to Shengquan Holdings and RMB5,272,111 was contributed by Beijing Megvii following the conversion of loan owed by Xier Technology to Beijing Megvii. Upon completion of such equity transfer and increase in registered capital, Xier Technology became owned as to approximately 60.76% by Shengquan Holdings, 23.25% by Beijing Megvii and 15.99% by Dexin Yunchuang.

On February 21, 2019, with a view to divesting its interest in Xier Technology, Beijing Megvii transferred its approximately 23.25% equity interest in Xier Technology to Deqing Xiyou Enterprise Management Partnership (Limited Partnership) (德清悉優企業管理合伙企業(有限合伙)) ("**Deqing Xiyou**") (a limited partnership established in the PRC which, to the best information, knowledge and belief of our Directors, its general partner, namely Mr. Shen Xingen (沈新根) and limited partner, namely Mr. Lin Jiansong (林建送) were Independent Third Parties at the material time) at a consideration of RMB800,000, which was determined after arm's length negotiations between the parties taking into account the financial condition of Xier Technology at the time of such transfer and was fully settled. As of the Latest Practicable Date, each of Mr. Lin Jiansong and Mr. Shen Xingen was a senior management of Xier Technology. Upon completion of such equity transfer, Xier Technology became owned as to approximately 60.76% by Shengquan Holdings, 23.25% by Deqing Xiyou and 15.99% by Dexin Yunchuang.

With an intent to pursuing an investment in Xier Technology at the relevant time to explore the possibility of entering into smart community solutions industry, Hangzhou Fengtang agreed to invest in Xier Technology on the consensus and mutual understanding that Shengquan Holdings would, through control of voting rights, continue to maintain control in Xier Technology upon completion of the investment. As such, it was agreed between Shengquan Holdings and Hangzhou Fengtang that Hangzhou Fengtang would entrust its voting right attached to its 30% equity interest in Xier Technology to Shengquan Holdings and such arrangement was subsequently confirmed between the parties by way of a voting right entrustment agreement. Accordingly, on April 29, 2019, Shengquan Holdings transferred its 30% equity interest in Xier Technology to Hangzhou Fengtang at a consideration of RMB9,381,633.3, which was determined after arm's length negotiations between the parties with reference to the then paid up registered capital of Xier Technology. Upon completion of such equity transfer, Xier Technology became owned as to approximately 30.76% by Shengquan Holdings, 30% by Hangzhou Fengtang, 23.25% by Deqing Xiyou and 15.99% by Dexin Yunchuang. Our PRC Legal Advisors are of view that such voting right arrangement is in compliance with the relevant PRC laws and regulations.

On January 19, 2020, Xier Technology increased its registered capital to RMB32,918,011.6 through a capital injection of RMB1,645,900.6 by Shengquan Holdings which was fully paid up by Shengquan Holdings. Upon completion of such capital injection, Xier Technology became owned as to approximately 34.22% by Shengquan Holdings, 22.09% by Deqing Xiyou, 28.5% by Hangzhou Fengtang and 15.19% by Dexin Yunchuang.

In light of the loss-making position of Xier Technology over time, on January 22, 2020, an equity transfer agreement was entered into between Hangzhou Fengtang and Shengquan Holdings, pursuant to which Hangzhou Fengtang agreed to transfer its 28.5% equity interest in Xier Technology to Shengquan Holdings at a consideration of RMB9,381,633.3, which was determined after arm's length negotiations between the parties with reference to the then paid up registered capital of Xier Technology. Upon completion of such transfer, Xier Technology became owned as to approximately 62.72% by Shengquan Holdings, 22.09% by Deqing Xiyou and 15.19% by Dexin Yunchuang.

As part of the Reorganization, on September 27, 2020, Shengquan Holdings transferred its 51% interest in Xier Technology to Shengquan Property at a consideration of RMB63,092,069, which was determined after arm's length negotiations between the parties with reference to the net asset value of Xier Technology as of August 31, 2020 as assessed by an independent valuer and was fully settled.

For the purpose of realizing its investment in Xier Technology, on September 25, 2020, each of Shengquan Holdings and Dexin Yunchuang entered into an agreement with Deqing Hongxiang Enterprise Management Partnership (Limited Partnership) (德清虹祥企業管理合伙企業(有限合伙)) ("**Deqing Hongxiang**"), pursuant to which Shengquan Holdings and Dexin Yunchuang agreed to transfer their respective approximately 11.72% and 15.19% equity interests in Xier Technology to Deqing Hongxiang at a consideration of RMB14,498,805 and RMB15,791,540, respectively. Deqing Hongxiang is a limited partnership established in the PRC which, to the best information knowledge and belief of our Directors, its general partner, namely Ms. Zhang Guoying (張幗瑛) and limited partner, namely Ms. Lai Haiping (賴海萍) are Independent Third Parties. The consideration was determined after arm's length negotiations between the parties with reference to the net asset value of Xier Technology as of August 31, 2020 as assessed by an independent valuer and was fully settled. Upon completion of such transfers, Xier Technology became owned as to approximately 51.00% by Shengquan Property, 22.09% by Deqing Xiyou and 26.91% by Deqing Hongxiang.

As of the Latest Practicable Date, Xier Technology was an indirect non-wholly owned subsidiary of our Company and had been principally engaged in the provision of smart community solutions services in the PRC.

DISPOSAL DURING THE TRACK RECORD PERIOD

Zhoushan Shengquan Zhongshun Property Services Co., Ltd. (舟山盛全中順物業服務有限公司) ("Zhoushan Shengquan")

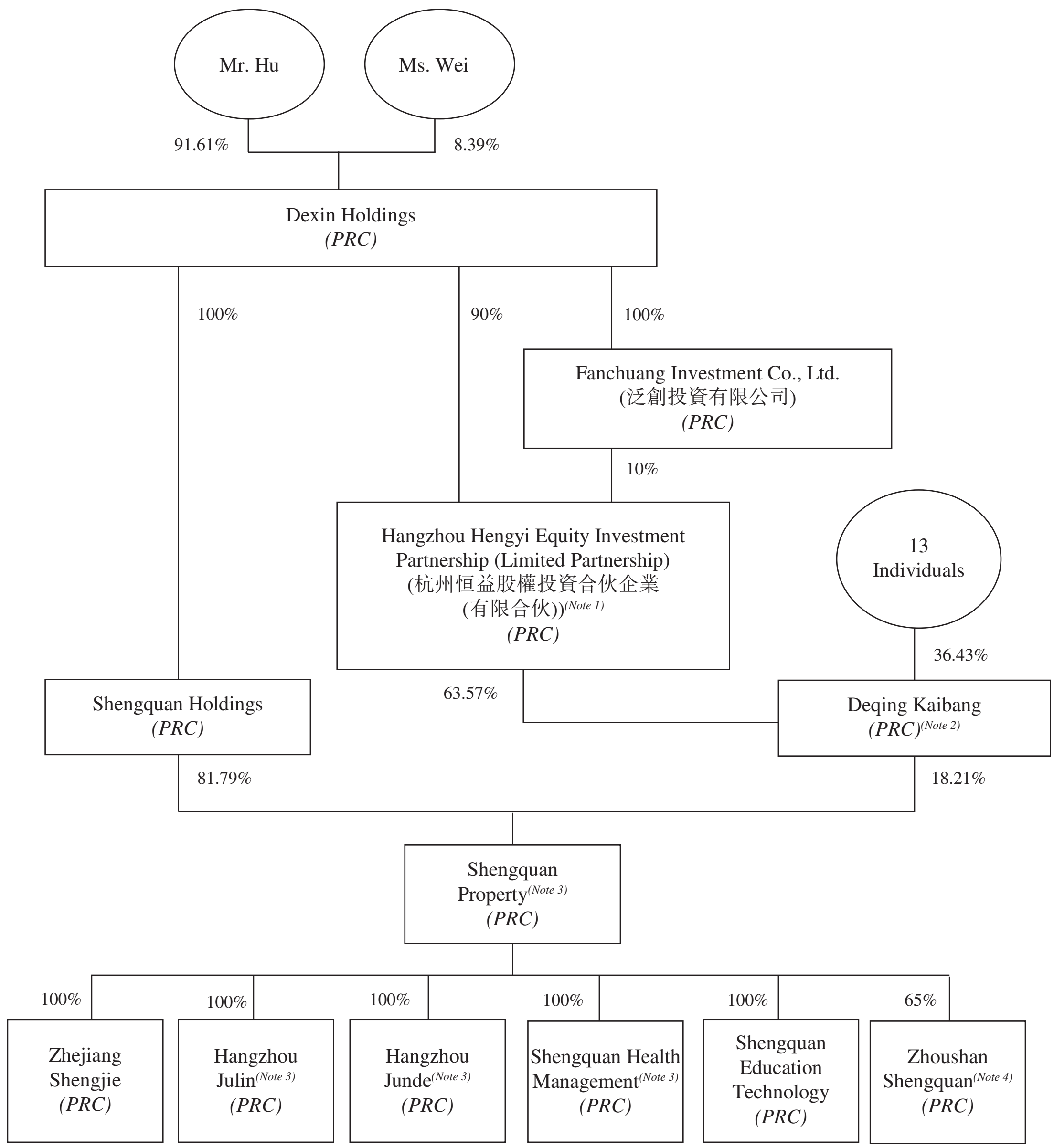
Zhoushan Shengquan was established in the PRC as a limited liability company on November 30, 2011 with an initial registered capital of RMB500,000. Zhoushan Shengquan has been engaged in the provision of property management services since its establishment. Based on the unaudited management account of Zhoushan Shengquan, the revenue and profit of Zhoushan Shengquan for the year ended December 31, 2019 amounted to approximately RMB1.1 million and RMB0.05 million, respectively. As Zhoushan Shengquan could not meet the financial performance targets initially set by its shareholders, Shengquan Property, as one of its shareholders, decided to divest and dispose of Zhoushan Shengquan. Zhoushan Shengquan was owned as to 65% by Shengquan Property and 35% by Zhejiang Daye Holdings Group Co., Ltd. (浙江大業控股集團有限公司) prior to the disposal. On August 19, 2020, Shengquan Property entered into an equity transfer agreement with Zhoushan Putuo Donggang Jitai Property Management Co., Ltd. (舟山市普陀區東港吉泰物業管理有限公司) ("**Putuo Dongtai**"), an Independent Third Party, pursuant to which Shengquan Property agreed to transfer its 65% equity interest in Zhoushan Shengquan to Putuo Dongtai at a consideration of RMB92,113.40, which was determined after arm's length negotiations between the parties with reference to the investment cost in respect of the acquisition of 65% equity interest in Zhoushan Shengquan by Shengquan Property in 2013, and was fully settled. We recognized a gain on disposal of Zhoushan Shengquan of approximately RMB4,000 in 2020. For details of the gain on disposal of Zhoushan Shengquan, see note 8 of the Accountant's Report in Appendix I to this prospectus. Upon completion of such transfer, Zhoushan Shengquan ceased to be our subsidiary.

As confirmed by our Directors, Zhoushan Shengquan had not been subject to any administrative penalty involving material non-compliance with the relevant and applicable PRC laws and regulations during the Track Record Period prior to the disposal.

REORGANIZATION

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

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



Notes:

(1) The general partner of Hangzhou Hengyi Equity Investment Partnership (Limited Partnership) (杭州恒益股權投資合伙企業(有限合伙)) is Fanchuang Investment Co., Ltd. (泛創投資有限公司), a wholly-owned subsidiary of Dexin Holdings and the limited partner is Dexin Holdings.

(2) Deqing Kaibang was owned as to approximately 63.57% by Hangzhou Hengyi Equity Investment Partnership (Limited Partnership) (杭州恒益股權投資合伙企業(有限合伙)) (the general partner of Deqing Kaibang is a company which is beneficially owned by Mr. Hu), 1.70% by Ms. Zhu Xiaoli (朱曉莉), (our executive Director), 4.50% by Mr. Liu Yibing (劉義兵), 1.25% by Mr. Chen Xin (陳昕), 1.50% by Ms. Zhao Lixiang (趙麗湘) (each of them a member of our senior management), and 27.48% by nine employees of Shengquan Property. The remaining shareholders were the limited partners of Deqing Kaibang.

(3) Each of Shengquan Property, Hangzhou Julin, Hangzhou Junde and Shengquan Health Management operates certain branch offices.

(4) The remaining 35% equity interest in Zhoushan Shengquan was owned by Zhejiang Daye Holdings Group Co., Ltd. (浙江大業控股集團有限公司), an Independent Third Party.

1. Acquisition of certain PRC subsidiaries

To eliminate competition between our Controlling Shareholders and our Group, as part of the Reorganization, we acquired the following PRC subsidiaries as part of the Reorganization.

Dexin Property

On August 13, 2020, Shengquan Holdings transferred its 100% equity interest in Dexin Property to Shengquan Property at nil consideration taking into account the registered capital of Dexin Property that had yet to be paid up at the time of such equity transfer. Upon completion of such transfer, Dexin Property became wholly-owned by Shengquan Property. As of the Latest Practicable Date, Dexin Property was an indirect wholly-owned subsidiary of our Company and had been principally engaged in the provision of property management and consultancy services.

Hangzhou Rongyun

On September 15, 2020, Dexin Holdings transferred its 100% equity interest in Hangzhou Rongyun to Shengquan Property at a consideration of RMB967,900, which was determined after arm's length negotiations between the parties with reference to the net asset value of Hangzhou Rongyun as of August 31, 2020 as assessed by an independent valuer and was fully settled. Upon completion of such transfer, Hangzhou Rongyun became wholly owned by Shengquan Property. As of the Latest Practicable Date, Hangzhou Rongyun was an indirect wholly-owned subsidiary of our Company and had been principally engaged in the provision of clubhouse services.

Shengquan Security

On September 22, 2020, Shengquan Holdings transferred its 100% equity interest in Shengquan Security to Shengquan Property at a consideration of RMB8,604,892.13, which was determined after arm's length negotiations between the parties with reference to the net asset value of Shengquan Security as of August 31, 2020 based on the unaudited management account of Shengquan Security and was fully settled. Upon completion of such transfer, Shengquan Security became wholly owned by Shengquan Property. As of the Latest Practicable Date, Shengquan Security was an indirect wholly-owned subsidiary of our Company and had been principally engaged in the provision of security services to residential properties and public construction projects in the PRC.

Xier Technology

On September 27, 2020, Shengquan Holdings transferred its 51% equity interest in Xier Technology to Shengquan Property at a consideration of RMB63,092,069, which was determined after arm's length negotiations between the parties with reference to the net asset value of Xier Technology as of August 31, 2020 as assessed by an independent valuer. Upon completion of such transfer, Xier Technology became owned as to approximately 51% by Shengquan Property, 26.91% by Deqing Hongxiang and 22.09% by Deqing Xiyou.

2. Disposal of certain PRC companies

With an aim to focusing on the development of our core business and to streamlining our corporate structure, the following companies were disposed of as part of the Reorganization.

Hangzhou Shengquan Health Management Co., Ltd. (杭州盛全健康管理有限公司) ("Shengquan Health Management")

Shengquan Health Management was established in the PRC as a limited liability company on May 23, 2014 and it was established to provide non-medical healthcare consultation and has not commenced any business since its establishment. On September 22, 2020, Shengquan Property transferred its 100% equity interest in Shengquan Health Management to Shengquan Holdings at a consideration of RMB4,465,084.88, which was determined after arm's length negotiations between the parties with reference to the net asset value of Shengquan Health Management as of August 31, 2020 based on the unaudited management account of Shengquan Health Management and was fully settled. Upon completion of such transfer, Shengquan Health Management ceased to be our subsidiary.

Hangzhou Shengquan Education Technology Co., Ltd. (杭州盛全教育科技有限公司) ("Shengquan Education Technology")

Shengquan Education Technology was established in the PRC as a limited liability company on May 23, 2014 and it was established to provide vocational training for practitioners in property management and has not commenced any business since its establishment. On September 22, 2020, Shengquan Property transferred its 100% equity interest in Shengquan Education Technology to Shengquan Holdings at a consideration of RMB3,131,262.52, which was determined after arm's length negotiations between the parties with reference to the net asset value of Shengquan Education Technology as of August 31, 2020 based on the unaudited management account of Shengquan Education Technology and was fully settled. Upon completion of such transfer, Shengquan Education Technology ceased to be our subsidiary.

As confirmed by our Directors, each of Shengquan Health Management and Shengquan Education Technology had not been subject to any administrative penalty involving material non-compliance with the relevant and applicable PRC laws and regulations during the Track Record Period prior to the disposals.

3. Acquisition of 7.5% of equity interest in Shengquan Property by Meihao Holdings

On October 21, 2020, Shengquan Holdings transferred its 7.5% equity interest in Shengquan Property to Meihao Holdings at a consideration of RMB11,250,000, which was determined after arm's length negotiations between the parties with reference to the net asset value of Shengquan Property as of September 30, 2020 as appraised by an independent valuer. Meihao Holdings was established in the PRC with limited liability and is owned as to approximately 93.97% by Hangzhou Dongying Investment Consulting Co., Ltd. (杭州東穎投資諮詢有限公司), which is wholly owned by Ms. Shen Yuehua (沈月華), and 6.03% by Mr. Jin Liang (金糧), the spouse of Ms. Shen Yuehua. The consideration was fully settled on October 19, 2020. Upon completion of such transfer, Shengquan Property became owned as to approximately 74.29% by Shengquan Holdings, 18.21% by Deqing Kaibang[1] and 7.5% by Meihao Holdings. For details, please refer to "Pre-IPO Investments" in this section.

4. Incorporation of our Company, Shengping International, Shengquan HK and Shengquan Technology

Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 22, 2020 to act as the holding company and listing vehicle of our Group. As of the date of its incorporation, the authorized share capital of our Company was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of its incorporation, one Share was allotted and issued to an initial subscriber, an Independent Third Party, and such share was transferred to Shengfu International. On the same date, 742, 182 and 75 Shares (which were subsequently fully paid) were further allotted and issued to Shengfu International, Kaibang International and HK Mei Lun, respectively. Since then, our Company became owned as to approximately 74.3% by Shengfu International, 18.2% by Kaibang International and 7.5% by HK Mei Lun.

1 On September 1, 2020, for the purpose of implementing the adopted employee share incentive scheme in Shengquan Property, Hangzhou Hengyi Equity Investment Partnership (Limited Partnership) (杭州恒益股權投資合伙企業(有限合伙)) transferred an aggregate of approximately 63.52% interest in Deqing Kaibang to five employees of Shengquan Property at a total consideration of RMB16,132,896, which was determined after arm's length negotiations between the parties. The consideration was fully settled on September 16, 2020. Upon completion of such transfers, Deqing Kaibang was owned as to approximately 0.06% by Hangzhou Hengyi Equity Investment Partnership (Limited Partnership) (the general partner of Deqing Kaibang is a company which is beneficially owned as to approximately 91.61% by Mr. Hu), 10.60% by Mr. Tang Junjie (唐俊杰), 1.70% by Ms. Zhu Xiaoli (朱曉莉), (both our executive Directors), 4.50% by Mr. Liu Yibing (劉義兵), 1.25% by Mr. Chen Xin (陳昕), 1.50% by Ms. Zhao Lixiang (趙麗湘), 1.20% by Mr. Zheng Mingjun (鄭明軍) (each a senior management of our Company), and 79.19% by ten employees of Shengquan Property. The remaining shareholders are the limited partners of Deqing Kaibang.

Incorporation of Shengping International

On October 26, 2020, Shengping International was incorporated in the BVI as a BVI business company which serves as an intermediate holding company of our Group in the BVI. On the date of its incorporation, one share of Shengping International was allotted and issued to our Company and Shengping International then became a direct wholly-owned subsidiary of our Company.

Incorporation of Shengquan HK

On November 2, 2020, Shengquan HK was incorporated in Hong Kong with limited liability which serves as an intermediate holding company of our Group in Hong Kong. On the date of its incorporation, 10,000 shares of Shengquan HK were allotted and issued to Shengping International and Shengquan HK then became an indirect wholly-owned subsidiary of our Company.

Establishment of Shengquan Technology

On November 16, 2020, Shengquan Technology was established in the PRC with limited liability which serves as an intermediate holding company of our Group in the PRC. Since its establishment, Shengquan Technology has been wholly owned by Shengquan HK and is an indirect wholly-owned subsidiary of our Company.

5. Increase of registered capital in Shengquan Property by Zhida Xiaorui

On November 1, 2020, a joint venture agreement was entered into among Shengquan Holdings, Deqing Kaibang, Meihao Holdings and Zhida Xiaorui, a company indirectly wholly owned by Mr. Chen Yue (陳躍) and one of our Pre-IPO Investors, pursuant to which the registered capital of Shengquan Property was increased to RMB58,740,000 with a capital injection of HK$8,900,000 (equivalent to approximately RMB7,507,500 at the time of such capital injection) by Zhida Xiaorui, among which RMB2,940,000 was contributed to the registered capital of Shengquan Property and the remaining RMB4,567,500 to the capital reserve of Shengquan Property. Such capital injection was completed on November 20, 2020. Upon completion of such capital injection, Shengquan Property became owned as to approximately 70.57% by Shengquan Holdings, 17.3% by Deqing Kaibang, 7.13% by Meihao Holdings and 5.00% by Zhida Xiaorui. For details, please refer to "Pre-IPO Investments" in this section.

6. Acquisition of approximately 95.0% of equity interest in Shengquan Property by Shengquan Technology

On November 16, 2020, Shengquan Technology entered into an equity transfer agreement with Shengquan Holdings, Deqing Kaibang and Meihao Holdings, pursuant to which each of Shengquan Holdings, Deqing Kaibang and Meihao Holdings agreed to transfer their respective approximately 70.57%, 17.3% and 7.13% equity interest in Shengquan Property to Shengquan Technology, respectively at a total consideration of RMB55,800,000. The consideration was determined after arm's length negotiation between the parties with reference to the paid up registered capital of Shengquan Property and was fully settled on December 16, 2020. Upon completion of such acquisition, Shengquan Property became owned as to approximately 95.0% by Shengquan Technology and 5.0% by Zhida Xiaorui.

7. Allotment of Shares and acquisition of Zhirui International

On December 30, 2020, Createwisdom entered into a share swap agreement with our Company, pursuant to which Createwisdom transferred one share of Zhirui International to our Company which was settled by way of the allotment and issue of 53 Shares to Createwisdom. Upon completion of such share transfer and allotment of Shares, Zhirui International became a direct wholly-owned subsidiary of our Company and our Company became owned as to approximately 70.56% by Shengfu International, 7.12% by HK Mei Lun, 17.28% by Kaibang International and 5.03% by Createwisdom, respectively.

Our PRC Legal Advisors have confirmed that all required consents, approvals, authorizations or filings have been made or obtained from the relevant competent regulatory authorities for the completion of our onshore Reorganization mentioned above and such onshore Reorganization complies with the applicable PRC laws and regulations.

PRE-IPO INVESTMENTS

Investment by HK Mei Lun

On October 21, 2020, Meihao Holdings acquired 7.5% of equity interest in Shengquan Property from Shengquan Holdings at a consideration of RMB11,250,000, which was determined after arm's length negotiation between the parties with reference to the net asset value of Shengquan Property as of September 30, 2020 as assessed by an independent valuer. The consideration was fully paid on October 19, 2020.

As of October 21, 2020, Meihao Holdings was owned as to approximately 93.97% by Hangzhou Dongying Investment Consulting Co., Ltd. (杭州東穎投資諮詢有限公司), which is wholly owned by Ms. Shen Yuehua (沈月華) ("**Ms. Shen**"), and 6.03% by Mr. Jin Liang (金糧), the spouse of Ms. Shen.

On October 22, 2020, 75 Shares, which were subsequently credited as fully paid on January 14, 2021, were allotted and issued to HK Mei Lun, which is wholly owned by Ms. Shen and Mr. Jin Liang.

Details of HK Mei Lun's investment (the "**HK Mei Lun Pre-IPO Investment**") are set forth below:

Name of pre-IPO investor:	HK Mei Lun
Date of agreement:	October 15, 2020
Amount of consideration paid:	RMB11,250,000 (equivalent to HK$13,479,511)
Basis of determination of the consideration:	After arm's length negotiations between the parties with reference to the net asset value of Shengquan Property as of September 30, 2020 as assessed by an independent valuer
Consideration payment date:	October 19, 2020
Cost per share(1):	HK$0.25
Discount to mid-point of the Offer Price range(1):	91.8%
Use of proceeds:	As the HK Mei Lun Pre-IPO Investment was effected by way of equity transfer between Meihao Holdings and Shengquan Holdings, the consideration was paid to Shengquan Holdings and no proceeds were received by our Group
Shareholding in our Company immediately after the completion of the Pre-IPO Investments(1) (as defined below):	Approximately 7.12%
Shareholding in our Company immediately after the completion of the Global Offering(1), (2):	Approximately 5.34%

Strategic benefits to our Group:	Our Directors are of the view that our Group can be benefited from the HK Mei Lun Pre-IPO Investment as it demonstrates Meihao Holdings Group's confidence in the operations of our Group and serves as an endorsement of our Group's performance, strength and prospects, which can assist us in broadening our shareholder base. Further, Meihao Holdings Group's experience in the property management and education sectors and investments in property development projects in the PRC has allowed Ms. Shen to accumulate the relevant knowledge, which we expect she will be able to contribute to assist our Directors in formulating our business strategies and may bring a potential collaborative effect to our Group with her business connections. With the introduction of HK Mei Lun as a Shareholder, our Directors are of the view that Meihao Holdings Group's experience in managing commercial properties and providing education services may provide insight and recommendations to our Company in diversifying our portfolio in property management and strengthening our value-added services, respectively. See "—Pre-IPO Investment—Information regarding HK Mei Lun" below for details. Since the completion of the HK Mei Lun Pre-IPO Investment, Ms. Shen has shared her insights on the outlook and prospects of the PRC property management industry and provided advice on expanding our community value-added service offerings to education services with our Directors. Taking into account the market insights of Ms. Shen, we are able to better formulate our business strategies, including, among others, (a) devoting more resources into research and analysis to consolidate our market position in the areas we currently operate in and tap into new markets with growth potential to attract new customers; and (b) collecting market information about other local leading property management companies in order to broaden our acquisition target base. Going forward, we also believe that we may be able to leverage on the business network and connections of Ms. Shen for more tender bidding opportunities for property management projects.
Special rights:	HK Mei Lun is not entitled to (i) any special rights under the HK Mei Lun Pre-IPO Investment; or (ii) the Company's declared dividends in the year ended December 31, 2020[(3)].

Notes:

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

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

(3) The Company did not declare any dividends for the year ended December 31, 2020.

The consideration for the HK Mei Lun Pre-IPO Investment was determined based on the valuation of equity interest of Shengquan Property of approximately RMB149 million as of September 30, 2020 as appraised by an independent valuer and after arm's length negotiations between the parties. Other factors were taken into account in the determination of the consideration including but not limited to: (i) the investment risks assumed by HK Mei Lun due to the absence of any exit or divestment rights granted to HK Mei Lun under the terms of the HK Mei Lun Pre-IPO Investment agreement in the case the Global Offering fails to proceed, the uncertainty of the success of Listing, as well as other investment risks assumed by HK Mei Lun in investing in an unlisted company, including, among others, the lack of liquidity and open market for trading in our Shares prior to the completion of the Global Offering and the Listing, the lack of any plan to declare further dividend during the period from the completion of the HK Mei Lun Pre-IPO Investment to the completion of the Global Offering and uncertainty in the timing of the completion of the Global Offering; (ii) the strategic benefits which would be brought by the HK Mei Lun to our Group as detailed in the table above; (iii) the six month lock-up undertaking given by HK Mei Lun commencing on the Listing Date; and (iv) the growing prospects of our Group and the property management sector in the PRC. Taking into account that the HK Mei Lun Pre-IPO Investment was completed before the Offer Price and the market capitalization of our Company were determined for the purpose of Listing and such investment was considered a long term investment, as well as the aforesaid risks and restrictions borne by HK Mei Lun, the expected market capitalization of our Group upon Listing was not factored into the determination of the consideration for the HK Mei Lun Pre-IPO Investment. Therefore, there is a difference between the valuation of our Group at the time of the HK Mei Lun Pre-IPO Investment and that upon completion of the Global Offering, which resulted in the discount of 91.8% to the mid-point of the Offer Price range. Such discount reflects the differences in position between HK Mei Lun and the investors of the Global Offering.

Information regarding HK Mei Lun

HK Mei Lun was incorporated in the BVI with limited liability on May 3, 2014 and is an investment holding company. HK Mei Lun is owned as to approximately 93.9% by Ms. Shen and approximately 6.1% by Mr. Jin Liang, the spouse of Ms. Shen.

Meihao Holdings was established in the PRC in March 2001. Meihao Holdings and its subsidiaries ("**Meihao Holdings Group**") have been principally engaged in investment, real estate development, education and property management. Meihao Holdings Group has not only invested in property development projects on their own or through its joint ventures, but also provided property management services for residential and commercial properties. As of the Latest Practicable Date, Meihao Holdings Group holds minority interests in certain subsidiaries of Dexin China which are project companies principally engaged in property development. Ms. Shen is a long-standing personal and business acquaintance of Mr. Hu, one of our Controlling Shareholders. Ms. Shen became acquainted with Mr. Hu through attending the same entrepreneur education and training program organized by Zhejiang Zhongke Institute of Business Studies (浙江中科商學研究院) in the PRC in 2000. As a seasoned investor, Ms. Shen is accustomed to pursing an investment strategy that specializes in identifying and evaluating investment opportunities across a range of industries. She targets quality companies with growth potential to invest in for the long term, focusing on key business characteristics such as management competence, financial performance, long-term growth prospects, regulatory landscape and industry outlook. In deciding to invest in our Group through the HK Mei Lun Pre-IPO Investment, Ms. Shen was particularly interested in the profile of our Group with diversified types of property management services, value-added services to non-property owners and community value-added services and our ranking among the Top 100 Property Management Companies in the PRC in terms of overall strength and our growth potential. After being introduced by Mr. Hu of the investment opportunity, and in view of our Group's established track record and having confidence in the prospects of our Group, HK Mei Lun became our Shareholder through the HK Mei Lun Pre-IPO Investment. Our Directors believe that the HK Mei Lun Pre-IPO Investment will allow for more future business opportunities in property management between our Company and Meihao Holdings Group. Ms. Shen confirms that the HK Mei Lun Pre-IPO Investment is in line with her investment strategies and objectives and allows her to participate in the long-term capital growth of our Company upon the Listing.

To the best of our Directors' knowledge, information and belief, and save for Meihao Holdings Group's shareholding interests in certain subsidiaries of Dexin China, none of HK Mei Lun, its directors and ultimate beneficial owners has any past or present relationships with our Group, our Controlling Shareholders, our Directors and senior management and any of their respective associates as of the Latest Practicable Date.

Investment by Createwisdom

On November 4, 2020, Zhida Xiaorui made a capital injection of HK$8,900,000 (equivalent to approximately RMB7,507,500 at the time of such investment) into Shengquan Property. The consideration was determined after arm's length negotiation between the parties with reference to the net asset value of Shengquan Property as of September 30, 2020 as assessed by an independent valuer. The consideration was fully paid on November 20, 2020. Upon completion of such capital injection, Shengquan Property became owned as to approximately 70.57% by Shengquan Holdings, 17.30% by Deqing Kaibang, 7.13% by Meihao Holdings and 5.00% by Zhida Xiaorui.

As of November 1, 2020, Zhida Xiaorui was a direct wholly-owned subsidiary of Zhirui International, which was in turn wholly owned by Createwisdom.

On December 30, 2020, Createwisdom entered into a share swap agreement with our Company, pursuant to which Createwisdom transferred one share of Zhirui International, representing the entire issue share capital of Zhirui International, to our Company in consideration of the allotment and issue of 53 Shares to Createwisdom, which is wholly owned by Mr. Chen Yue ("**Mr. Chen**").

Details of Createwisdom's investment (the "**Createwisdom Pre-IPO Investment**", collectively with the HK Mei Lun Pre-IPO Investment, the "**Pre-IPO Investments**") are set forth below:

Name of pre-IPO investor:	Createwisdom
Date of agreement:	November 1, 2020
Amount of consideration paid:	HK$8,900,000
Basis of determination of the consideration:	After arm's length negotiations between the parties with reference to the net asset value of Shengquan Property as of September 30, 2020 as assessed by an independent valuer
Consideration payment date:	November 20, 2020
Cost per share(1):	HK$0.24
Discount to mid-point of the Offer Price range(1):	92.1%
Use of proceeds:	Increasing the working capital of our Group. As of the Latest Practicable Date, none of the proceeds has been utilized
Shareholding in our Company immediately after the completion of the Pre-IPO Investments(1):	Approximately 5.03%
Shareholding in our Company immediately after the completion of the Global Offering(1), (2):	Approximately 3.77%

Strategic benefits to our Group:	Our Directors are of the view that our Group can be benefited from the Createwisdom Pre-IPO Investment as it demonstrates Createwisdom's confidence in the operations of our Group and serves as an endorsement of our Group's performance, strength and prospects, which can assist us in strengthening and supplementing our capital, broadening our shareholder base and bringing potential collaborative effect to our Company with the investor's business connections. Further, Mr. Chen's experience in the PRC's financial and media sectors has allowed him to accumulate the relevant knowledge, which we expect he will be able to contribute to assist our Directors in formulating our investment, marketing and media policies. With the introduction of Createwisdom as a Shareholder, our Directors are of the view that leveraging Mr. Chen's extensive experience in finance and investment coupled with his personal network, Mr. Chen will also be able to bring benefits to our Group by providing recommendations on investment and financing to support our future business development and expanding our portfolio of managed properties. See "—Pre-IPO Investment—Information regarding Createwisdom" below for details. Since the Createwisdom Pre-IPO Investment, Mr. Chen has shared his insights on investment, financing and the outlook and prospects of the PRC economy with our Directors. Taking into account the experience and market insights of Mr. Chen, we are able to better formulate our business strategies, including, among others, (a) devoting more resources into research and analysis to consolidate our market position in the areas we currently operate in and tap into new markets with growth potential to attract new customers; and (b) collaborating with more public media agencies to enhance our Group's brand awareness. Going forward, we also believe that we may be able to leverage on the business network and connections of Mr. Chen to be introduced to more tender bidding opportunities for property management projects.
Special rights:	Createwisdom is not entitled to (i) any special rights under the Createwisdom Pre-IPO Investment; or (ii) the Company's declared dividends in the year ended December 31, 2020[(3)].

Notes:

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

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

(3) The Company did not declare any dividends for the year ended December 31, 2020.

The consideration for the Createwisdom Pre-IPO Investment was determined based on the valuation of equity interest of Shengquan Property of approximately RMB149 million as of September 30, 2020 as appraised by an independent valuer and after arm's length negotiations between the parties. Other factors were taken into account in the determination of the consideration including but not limited to: (i) the investment risks assumed by Createwisdom due to the absence of any exit or divestment rights granted to Createwisdom under the terms of the Createwisdom Pre-IPO Investment agreement in the case the Global Offering fails to proceed, the uncertainty of the success of Listing, as well as other investment risks assumed by Createwisdom in investing in an unlisted company, including, among others, the lack of liquidity and open market for trading in our Shares prior to the completion of the Global Offering and the Listing, the lack of any plan to declare further dividend during the period from the completion of the Createwisdom Pre-IPO Investment to the completion of the Global Offering and uncertainty in the timing of the completion of the Global Offering; (ii) the strategic benefits which would be brought by Createwisdom to our Group as detailed in the table above; (iii) the six month lock-up undertaking given by Createwisdom commencing on the Listing Date; and (iv) the growing prospects of our Group and the property management sector in the PRC. Taking into account that the Createwisdom Pre-IPO Investment was completed before the Offer Price and the market capitalization of our Company were determined for the purpose of Listing and such investment was considered a long term investment, as well as the aforesaid risks and restrictions borne by Createwisdom, the expected market capitalization of our Group upon Listing was not factored into the determination of the consideration for the Createwisdom Pre-IPO Investment. Therefore, there is a difference between the valuation of our Group at the time of the Createwisdom Pre-IPO Investment and that upon completion of the Global Offering, which resulted in the discount of 92.1% to the mid-point of the Offer Price range. Such discount reflects the differences in position between Createwisdom and the investors of the Global Offering.

Information regarding Createwisdom

Createwisdom was incorporated in the BVI with limited liability on January 25, 2018 and is wholly owned by Mr. Chen, an Independent Third Party. Createwisdom was also the pre-IPO investor of Dexin China and as of the Latest Practicable Date, Createwisdom held approximately 4.37% of the issued share capital of Dexin China. Mr. Chen is the founder and chairman of Shanghai Jiyuan Financial Information Services (Group) Company Limited (上海極元金融信息服務(集團)股份有限公司), a financial institution listed on the E board of the Shanghai Equity Exchange and principally engaged in providing wealth management and asset management services to middle or high net worth clients in the PRC. Mr. Chen also serves as the chairman of Jiyuan Financial Services (Hong Kong) Limited, an integrated financial institution principally engaged in providing finance, insurance agency and property investment services and businesses. Mr. Chen founded "MoneyWeekly" (《理財周刊》), a well-known financial media in the PRC and currently serves as the chairman of MoneyWeekly Media Company Limited (《理財周刊》傳媒有限公司).

Mr. Chen is a long-standing personal and business acquaintance of Mr. Hu, one of our Controlling Shareholders. Mr. Chen became acquainted with Mr. Hu through attending a financial forum in the PRC in 2016, where Mr. Hu was the guest speaker, and subsequently they had discussions on various investment opportunities. In deciding to invest in our Group through the Createwisdom Pre-IPO Investment, Mr. Chen was optimistic about the property management market in the PRC and particularly interested in the profile of our Group with diversified types of property management services, value-added services to non-property owners and community value-added services and our ranking among the Top 100 Property Management Companies in the PRC in terms of overall strength and our growth potential. After being introduced by Mr. Hu of the investment opportunity, and in view of our Group's established track record and having confidence in our prospects, Createwisdom became our Shareholder through the Createwisdom Pre-IPO Investment. Our Directors believe that the Createwisdom Pre-IPO Investment will be able to increase our Group's overall exposure in terms of marketing through Mr. Chen's involvement in the PRC media field and also in terms of corporate finance such as project finance and identifying investment and acquisition opportunities through Mr. Chen's experience in these areas. Mr. Chen confirms that the Createwisdom Pre-IPO Investment is in line with his investment strategies and objectives and allows him to participate in the long-term capital growth of our Company upon the Listing.

To the best of our Directors' knowledge, information and belief and save for Createwisdom's pre-IPO investment in Dexin China, none of Createwisdom, its director and ultimate beneficial owner has any past or present relationships with our Group, our Controlling Shareholders, our Directors and senior management and any of their respective associates as of the Latest Practicable Date.

Lock-up and Public Float

As the Pre-IPO Investors are not core connected persons of the Company and the Pre-IPO Investments are not financed directly or indirectly by any core connected persons of the Company, Shares held by each of HK Mei Lun and Createwisdom will be counted towards the public float after the Listing.

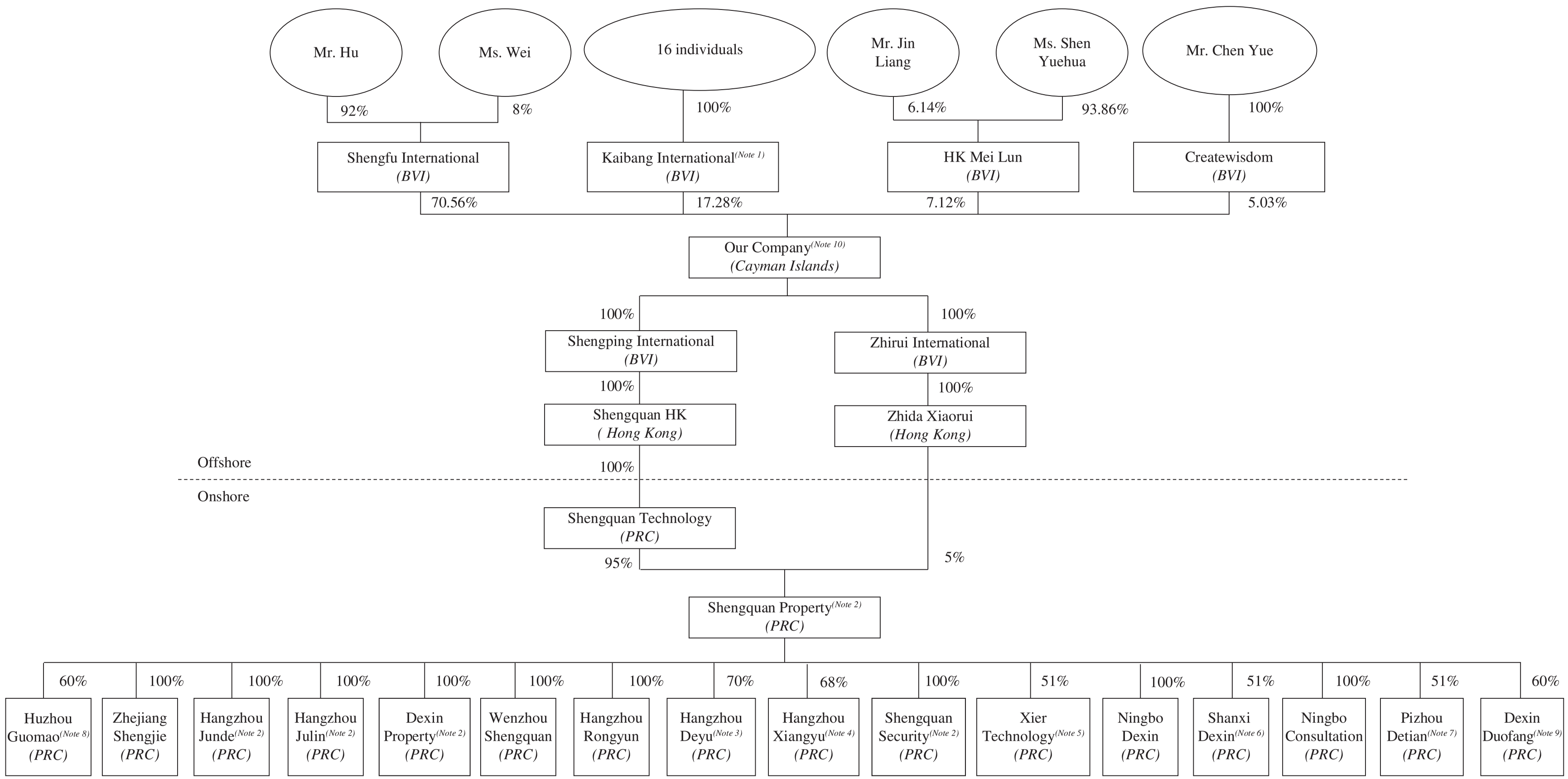
Each of HK Mei Lun and Createwisdom has agreed that it will not, at any time during the period from January 11, 2021 and December 30, 2020 to the date falling six months following the Listing, dispose of any of the Shares directly or indirectly held by it.

Sole Sponsor's Confirmation

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

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

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



Notes:

(1) Kaibang International is owned by 16 individuals and is owned as to approximately 10.61% by Mr. Tang Junjie (唐俊杰), 1.70% by Ms. Zhu Xiaoli (朱曉莉) (each our executive Director), 4.50% by Mr. Liu Yibing (劉義兵), 1.25% by Mr. Chen Xin (陳昕), 1.50% by Ms. Zhao Lixiang (趙麗湘) and 1.20% by Mr. Zheng Mingjun (鄭明軍) (each of them a member of our senior management), 30.12% by Ms. Zhu Hong (朱紅), 30.12% by Ms. Wei Yuefen (魏月芬), 7.95% by Mr. Fei Zhongmin (費忠敏), 1.92% by Mr. Shi Yonghua (石永華), 1.92% by Mr. Meng Jianping (孟建平), 1.92% by Mr. Shi Binbin (施斌斌), 1.92% by Mr. Ding Genming (丁根明), 1.37% by Mr. Feng Yu (馮宇), 1.00% by Mr. Chen Jiangqian (陳江錢), and 1.00% by Ms. Zhao Yuanyuan (趙園園) (each of them an employee of Shengquan Property).

(2) Each of Shengquan Property, Hangzhou Julin, Hangzhou Junde, Dexin Property and Shengquan Security operates certain branch offices.

(3) The remaining 30% equity interest in Hangzhou Deyu was owned by Deqing Bohan Investment Management Partnership (Limited Partnership) (德清博瀚投資管理合伙企業(有限合伙)), an Independent Third Party.

(4) The remaining equity interest in Hangzhou Xiangyu was owned as to 24% by Deqing Xuchi Investment Management Partnership (Limited Partnership) (德清栩馳投資管理合伙企業(有限合伙)) and 8% by Deqing Yuting Investment Management Partnership (Limited Partnership) (德清寓庭投資管理合伙企業(有限合伙)), both Independent Third Parties.

(5) The remaining equity interest in Xier Technology was owned as to approximately 22.09% by Deqing Xiyou and 26.91% by Deqing Hongxiang, both Independent Third Parties (other than being a substantial shareholder of Xier Technology).

(6) The remaining 49% equity interest in Shanxi Dexin was owned 24.5% by Mr. Zhao Feng (趙峰), an Independent Third Party, and 24.5% by Mr. Zhao Jiulin (趙九林), a director of Shanxi Dexin.

(7) The remaining 49% equity interest in Pizhou Detian was owned by Pizhou Longhai City Development Construction Co., Ltd. (邳州市隴海城鄉開發建設有限公司), an Independent Third Party.

(8) On December 25, 2020, Shenquan Property entered into a capital injection agreement with Huzhou Guomao and Huzhou Lvtou Asset Management Co., Ltd. (湖州旅投資產管理有限公司), pursuant to which Shengquan Property agreed to inject RMB1,652,779.43 into Huzhou Guomao among which RMB750,000 was injected as registered capital and RMB902,779.43 was credited as capital reserve of Huzhou Guomao. Upon completion of such capital injection, Huzhou Guomao became owned as to 60% by Shengquan Property and 40% by Huzhou Lvtou Asset Management Co., Ltd..

(9) The remaining 40% equity interest in Dexin Duofang was owned as to 40% by Zhejiang Duofang Holdings Co., Ltd. (浙江多方控股有限公司), an Independent Third Party.

(10) Shareholding percentages may not add up to 100% due to rounding.

INCREASE IN AUTHORIZED SHARE CAPITAL

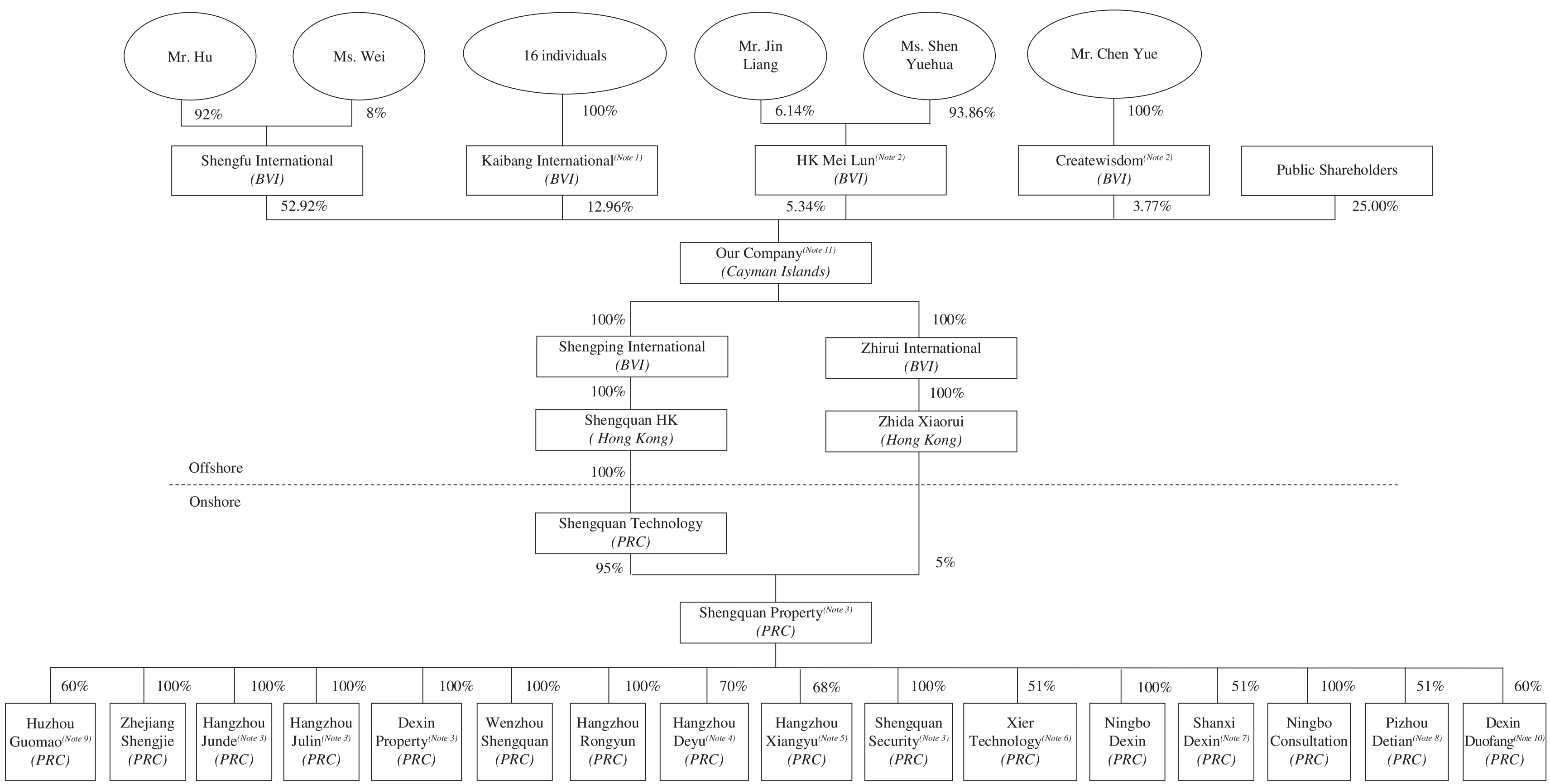
On June 21, 2021, our authorized share capital has increased from HK$380,000 to HK$50,000,000 by the creation of additional 4,962,000,000 Shares, and following such increase, the authorized share capital of our Company was HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on June 21, 2021, conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors are authorized to capitalize an amount of HK$7,499,989.47 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 749,998,947 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholding in our Company.

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

The following chart sets forth our corporate and shareholding structure immediately after completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised):



Notes:

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(2) As neither HK Mei Lun nor Createwisdom is a core connected person of our Company, the Shares held by HK Mei Lun and Createwisdom will be counted towards the public float upon Listing.

(3) Each of Shengquan Property, Hangzhou Julin, Hangzhou Junde, Dexin Property and Shengquan Security operates certain branch offices.

(4) The remaining 30% equity interest in Hangzhou Deyu was owned by Deqing Bohan Investment Management Partnership (Limited Partnership) (德清博瀚投資管理合伙企業(有限合伙)), an Independent Third Party.

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(10) The remaining 40% equity interest in Dexin Duofang was owned as to 40% by Zhejiang Duofang Holdings Co., Ltd. (浙江多方控股有限公司), an Independent Third Party.

(11) Shareholding percentages may not add up to 100% due to rounding.

PRC REGULATORY REQUIREMENTS

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

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

According to the M&A Rules, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM, and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the "**Foreign Investment Information Measures**"), since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures. As advised by our PRC Legal Advisors, Shengquan Property has completed the required reporting procedure and obtained the new business license for the 5% capital contribution by Zhida Xiaorui (the "**First Capital Increase**") according to the Foreign Investment Information Measures in November 2020.

Upon the completion of the First Capital Increase, Shengquan Property became a foreign-invested enterprise. For the acquisition of approximately 95% equity interest in Shengquan Property by Shengquan Technology (the "**Second Acquisition**"), which happened after Shengquan Property was converted into a foreign-invested enterprise, was deemed as having caused changes in shareholders due to the acquisition of equity interests of a foreign-invested enterprise. As advised by our PRC Legal Advisors, the M&A Rules do not apply to equity transfers of an established foreign-invested enterprise by the domestic party to foreign parties and accordingly, the M&A Rules are not applicable to the Second Acquisition. Instead, the Second Acquisition shall comply with the Foreign Investment Information Measures. Shengquan Property has completed the required reporting procedure and the new business license in November 2020.

SAFE Registration in the PRC

Pursuant to the Circular on the Administration of Foreign Exchange Involved in the Investment and Financing and Round-trip Investment Conducted by PRC Residents via Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular No. 37**") issued by SAFE on July 4, 2014 and Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**SAFE Circular No. 13**"), where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

As advised by our PRC Legal Advisors, each of Mr. Hu, Ms. Wei and the 16 individuals who are the shareholders of Kaibang International have all completed the registration on November 6, 2020 as required by SAFE Circular No. 37 and SAFE Circular No. 13.

OVERVIEW

We are a comprehensive property management service provider in Zhejiang Province. Headquartered in Hangzhou, and deeply rooted in the Yangtze River Delta Region, we have, through over 16 years of development, established an important market position in Zhejiang Province and are well-known in the PRC property management industry. According to CIA, in terms of GFA under management as of December 31, 2020, we had a market share of approximately 0.2% among the Top 100 Property Management Companies in the PRC and approximately 3.7% among the Top 100 Property Management Companies in the PRC headquartered in Zhejiang Province. We were awarded "Leading Property Management Service Provider in East China" (華東地區物業服務市場地位領先企業) by CIA in 2020. We have also expanded our business into cities in other parts of the PRC that we believe have high growth potential, primarily covering new first-tier and second-tier cities. As of December 31, 2020, we had a total of 175 properties under management with an aggregate GFA under management of 24.9 million sq.m., covering 24 cities across 7 provinces. We have been recognized as one of the Top 100 Property Management Companies in the PRC in terms of overall strength for eight consecutive years since 2014 with our ranking improved from 41st in 2014 to 25th in 2021, according to CIA.

We provide a wide range of services for both residential and non-residential properties through three business lines, namely, property management services, value-added services to non-property owners and community value-added services. Our close and extensive cooperation with Dexin Group, namely, Dexin China (which is listed on the Main Board of the Stock Exchange) and its subsidiaries, has driven our development since our inception and laid the foundation for our continuous growth. We also possess strong business development capabilities and have a proven track record in securing engagements from independent third-party property developers to achieve organic growth and business expansion. As of December 31, 2020, we had 175 properties under our management, including 69 properties developed by Dexin Group and its joint ventures and associates, with an aggregate GFA under management of 8.8 million sq.m., accounting for 35.1% of our total GFA under management as of the same date, and 106 properties developed by independent third-party property developers with an aggregate GFA under management of 16.2 million sq.m., accounting for 64.9% of our total GFA under management as of the same date.

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

- *Property management services.* We provide property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and repair and maintenance services. Our property portfolio comprises residential properties and non-residential properties including commercial complexes, office buildings, schools, hospitals, industrial properties and municipal facilities. We mainly charge property management fees on a lump sum basis. We also charge property management fees on a commission basis to a limited extent.

- *Value-added services to non-property owners.* We offer comprehensive property-related services to non-property owners, which primarily include property developers. Such services primarily consist of (i) sales office management services where we provide property management services to property developers' sales offices and display units; (ii) preliminary planning and design consultancy services covering various stages of property development; (iii) property inspection and repair services covering pre-delivery inspection and post-delivery repair and maintenance services; and (iv) commercial consulting services where we provide, among other things, market research and analysis and other consulting services with respect to commercial complexes and serviced apartments.

- *Community value-added services.* We provide community value-added services to property owners and residents to improve their living experience and to maintain and enhance the value of their properties. Such services primarily include (i) smart community solutions where we sell hardware and software used in smart community solutions to property developers and provide maintenance services; (ii) property sales and assistance services where we either help property developers market their properties in exchange for a fixed amount or percentage of the sales proceeds as our commissions, or sell carpark spaces held by us and generate profit from the excess of selling prices over our purchases prices; (iii) common area value-added services where we assist property owners in leasing common spaces and public facilities to third parties in exchange for a pre-determined percentage of the rental fees as our commissions; (iv) clubhouse services where we provide catering services and conference services; (v) home decoration services where we provide customized home decoration services from interior decoration design to purchase and installation of furniture and home appliances; and (vi) community retail and home services where we sell groceries, seasonal products and other daily necessities and provide cleaning, repair and maintenance services.

We experienced rapid growth during the Track Record Period. Our GFA under management grew from 18.8 million sq.m. as of December 31, 2018 to 20.7 million sq.m. as of December 31, 2019 and further to 24.9 million sq.m. as of December 31, 2020. Our revenue increased from RMB397.8 million in 2018 to RMB512.9 million in 2019 and further to RMB692.3 million in 2020, representing a CAGR of 31.9%, while our profit increased significantly from RMB22.5 million in 2018 to RMB50.6 million in 2019 and further to RMB105.8 million in 2020, representing a CAGR of 116.8%. According to CIA, we were ranked third among the Top 100 Property Management Companies in the PRC headquartered in Zhejiang Province in terms of profit growth in 2019.

COMPETITIVE STRENGTHS

A Property Management Service Provider Deeply Rooted in the Yangtze River Delta Region with an Important Market Position in Zhejiang Province

We are a comprehensive property management service provider in Zhejiang Province. Headquartered in Hangzhou, we have, through over 16 years of development, established an important market position in Zhejiang Province. Deeply rooted in the Yangtze River Delta Region, we have also expanded our business nationwide. According to the ranking issued by CIA in 2020, we were ranked fourth in terms of both GFA under management and revenue among the Top 100 Property Management Companies in the PRC headquartered in Zhejiang Province. We were awarded "Leading Property Management Service Provider in East China" (華東地區物業服務市場地位領先企業) by CIA in 2020. We have been recognized as one of the Top 100 Property Management Companies in the PRC in terms of overall strength for eight consecutive years since 2014 with our ranking improved from 41st in 2014 to 25th in 2021, according to CIA. We were recognized as a "Leading Brand in the PRC Property Management Industry in terms of Market Operation" (中國物業服務市場化運營領先品牌企業) by CIA in 2019 and 2020, a "Leading Property Management Company in terms of Characteristic Services (China Warm Community and Happy Life Service Provider)" (中國物業服務特色品牌企業 (中國溫情社區美好生活服務商)) by CIA in 2019 and a "Leading Property Management Company in terms of Characteristic Services (China Smart Life Service Provider)" (中國物業服務特色品牌企業(中國智慧社區美好生活服務商)) by CIA in 2020.

Headquartered in Zhejiang Province, we have successfully expanded our business to the Yangtze River Delta Region (excluding Zhejiang Province). Yangtze River Delta Region is one of the most economically developed and fastest-growing regions in the PRC and has always been and will continue to be our strategic development focus. In 2019, the annual per capita disposable income in the Yangtze River Delta Region was RMB53,487, 1.26 times the average per capita disposable income in the PRC. Moreover, the urbanization rate in the Yangtze River Delta Region is also higher than the average in the PRC. Therefore, property management fees in the Yangtze River Delta Region tend to be higher than those in other parts of the PRC. According to CIA, the average monthly property management fees for residential properties in the Yangtze River Delta Region and Zhejiang Province were RMB2.3 per sq.m. and RMB2.5 per sq.m., respectively, in 2020, both are higher than the average monthly property management fees of RMB2.1 per sq.m. charged by the Top 100 Property Management Companies in the PRC for the same year. In addition, we believe that the combined effect of higher per capita disposable income and urbanization rate also leads to an increasing demand for diversified value-added services, providing us with great growth opportunities in the Yangtze River Delta Region. We have also expanded our business into cities in other parts of the PRC that we believe have high growth potential, primarily covering new first-tier and second-tier cities. As of December 31, 2020, we were contracted to manage a total of 241 properties with an aggregate contracted GFA of 38.0 million sq.m., covering 33 cities across 11 provinces. Among these 241 properties, 177 properties with contracted GFA of 23.7 million sq.m. and 50 properties with contracted GFA of 8.9 million sq.m., respectively, were located in Zhejiang Province and the Yangtze River Delta Region (excluding Zhejiang Province). Among the 14 properties located in other parts of the PRC, 7 were located in new first-tier cities.

We experienced rapid growth during the Track Record Period. Our GFA under management grew from 18.8 million sq.m. as of December 31, 2018 to 20.7 million sq.m. as of December 31, 2019 and further to 24.9 million sq.m. as of December 31, 2020. Our revenue increased from RMB397.8 million in 2018 to RMB512.9 million in 2019 and further to RMB692.3 million in 2020, representing a CAGR of 31.9%, while our profit increased significantly from RMB22.5 million in 2018 to RMB50.6 million in 2019 and further to RMB105.8 million in 2020, representing a CAGR of 116.8%. According to CIA, we were ranked third among the Top 100 Property Management Companies in the PRC headquartered in Zhejiang Province in terms of profit growth in 2019.

We believe that our market position in Zhejiang Province and our geographic focus on the Yangtze River Delta Region and cities in other regions with high growth potential have helped us achieve rapid growth in the past, and will continue to pave the path for our future growth and expansion.

Strong Support from Dexin Group and a Proven Track Record in Independent Business Development

Our close and extensive cooperation with Dexin Group has driven our development since our inception and laid the foundation for our continuous growth. Dexin Group is a large-scale property developer in the PRC. According to CIA, Dexin Group has been recognized as a Top 100 Property Developer in the PRC in terms of overall strength (taking into account indicators such as business scale, profitability, growth, stability, financing capacity, operational efficiency and social responsibility) for eight consecutive years since 2014 and was ranked 55th among the Top 100 Property Developers in the PRC in 2021 in terms of overall strength. During the Track Record Period, our tender success rate with respect to properties developed by Dexin Group was 100.0%, and our business scaled up in concert with the expansion of Dexin Group. As of June 30, 2020, Dexin Group had a land bank of 15.7 million sq.m. consisting of 149 properties in 24 cities across the PRC, which we believe provides a stable source of new properties for us to manage. We believe that we are well positioned to enlarge our market share and enrich our property portfolio going forward by leveraging Dexin Group's sizable property portfolio and land reserve. Our close and stable relationship with Dexin Group also contributes to our strong brand recognition. We believe such strong brand recognition has helped us obtain property management service agreements from independent third-party property developers and property owners' associations, leading to continuous growth.

We possess strong business development capabilities and have a proven track record in securing engagements from independent third-party property developers. We started to provide property management services for properties developed by independent third-party property developers in 2005. As of December 31, 2020, we had 106 properties under our management that were developed by independent third-party property developers with a total GFA under management of 16.1 million sq.m., accounting for 64.9% of our total GFA under management as of the same date. In 2018, 2019 and 2020, revenue derived from property management services for properties developed by independent third-party property developers amounted to RMB198.5 million, RMB209.6 million and RMB216.6 million, respectively, accounting for

73.9%, 67.6% and 58.5%, respectively, of our revenue from property management services. To secure engagements from independent third-party property developers, we have adopted a market oriented approach pursuant to which we prioritize identifying market demands and creating services to meet such demands. We have also invested a significant amount of resources and set up dedicated investment and expansion departments at headquarters and regional level to execute our expansion strategy. We believe our strong business development capabilities will continue to enable us to capture future opportunities in the industry and expand our cooperation with independent third-party property developers.

Diversified Property and Service Portfolio

We provide quality property management services to a wide variety of residential properties and non-residential properties. As a majority of residential properties managed by us target mid- to high-end customers with home upgrade needs, we focus on providing quality property management services that meet the stringent demands and requirements of the owners of such properties. We have further diversified our property management portfolio by extending our services to non-residential properties, including commercial complexes, office buildings, schools, hospitals, industrial properties and municipal facilities. We began to provide property management services to a commercial complex in Huzhou in 2005, the first non-residential property under our management. Since then, we have further expanded our non-residential property portfolio and have 59 such properties under our management as of December 31, 2020.

In addition to quality property management services, we provide a wealth of value-added services to different customers, aiming to satisfy their diversified needs and expand the breadth and depth of our services along the property management industry value chain.

- **Value-added services to non-property owners**.

  ◦ For residential properties, we offer a wide range of valued-added services covering the entire property development process. Before the construction, we offer preliminary planning and design consultancy services on property design and development plan. During the construction, we regularly follow up with property developers to ensure that they strictly follow the property design and development plan. Upon commencement of pre-sales, we offer sales office management services to assist property developers in showcasing their properties. Upon the completion of construction and before and after property delivery, we offer property inspection and repair services. Such services enable us to establish close relationships with property developers early on, which we believe has contributed to our in-depth understanding of their needs for property management and has enabled us to obtain preliminary property management service agreements from such property developers.

- ◦ For commercial complexes, we offer preliminary planning and consulting services such as market research and positioning, tenant sourcing and opening preparation services. As of December 31, 2020, we had a brand pool of widely recognized international and local brands, which serves as our primary source of leasing commitments for new commercial complexes. For serviced apartments, we offer commercial consulting services including conducting market research, formulizing marketing strategy, providing interior decoration design services and setting up standardized management procedures. We believe that our commercial consulting services enable us to understand the specific needs of property developers for non-residential properties, enabling us to further expand our property portfolio and obtain property management service agreements from them.

- **Community value-added services**. We also offer various community value-added services to property owners and residents, including smart community solutions, clubhouse services, home decoration services, property sales and assistance services, common area value-added services and community retail and home services. Our community value-added services allow us to interact with our customers regularly in different settings, help us understand and address their specific demands. As a result, our community value-added services enhance customer loyalty and brand recognition, enabling us to grow rapidly.

We believe that our diversified property and service portfolio have helped us diversity our source of revenue and improve our profitability, which we expect will also drive our future sustainable growth.

Smart Community Solutions that Enhance Customer Satisfaction and Improve Management Efficiency

We provide smart community solutions to property developers, where we sell hardware and software used in smart community solutions and provide maintenance services. Our smart community solutions provide (i) community management tools on visitor, traffic, security and energy management; and (ii) data processing capacity that turns data collected during business operations into information that property management companies can analyze and use to enhance the living experiences of their customers. Our revenue from smart community solutions grew rapidly during the Track Record Period, increasing from RMB12.3 million in 2018 to RMB22.1 million in 2019, and further to RMB49.2 million in 2020. Owners and managers of communities aim to improve living environment and improve community management efficiency. Moreover, favorable government policies also promote the development of smart community solutions in property management industry. For instance, in December 2020, the MOHURD jointly with a number of other ministries, issued opinions on supporting property management companies to develop and integrate online and offline services. As such, we expect revenue from smart community solutions to continue to increase.

A number of property developers of properties that are under our management or contracted to be managed by us purchased smart community solutions from us and installed hardware and software in such properties. We, as the property manager of such properties, are able to improve our service quality to enhance residents' living experience and improve our management efficiency by utilizing smart community solutions.

- *Enhancing residents' living experience*. Leveraging the functions of the smart community solutions, we are able to offer property owners and residents a more convenient living experience and secure living environment. For instance, the smart community solutions provide a convenient security check experience for property owners and residents and help us create a safe living environment, especially during the outbreak of the COVID-19 pandemic, by offering contact-free services, such as smart visitor management and progress control through facial recognition and smart carpark management through car plate recognition.

- *Improving management efficiency*. The smart community solutions provide efficient solutions on carpark management, visitor management, traffic control and progress control, reducing our reliance on personnel. Moreover, its building management system monitors energy consumption level in real time, enabling us to optimize utility use and save energy by timely identifying energy waste in our business operations. We analyze data collected through smart community solutions, and turn such data into information that we can utilize to improve our service quality and management efficiency.

We offer smart community solutions through our subsidiary, Xier Technology. Xier Technology was recognized as one of the "Top 20 Unicorns in Hangzhou during G20" (G20杭州名片 • 獨角獸企業) and a "Leading Technology Company in Zhejiang in 2016" (2016浙江創新企業 • 智能科技傑出企業) by Hangzhou Daily Press Group. In 2018, it was recognized as a National High-tech Enterprise (國家高新技術企業) by Zhejiang Provincial Department of Science and Technology (浙江省科學技術廳) together with Zhejiang Provincial Department of Finance (浙江省財政廳) and Zhejiang Provincial Tax Service, State Tax Administration (國家稅務總局浙江省稅務局). In 2019, Xier Technology's R&D center was recognized as a Hangzhou Enterprise High-tech & R&D Center (杭州市企業高新技術研發中心) by Hangzhou Bureau of Science and Technology (杭州市科學技術局).

Well-recognized Brand Image and High Customer Satisfaction Underpinned by Quality Services

Service quality is critical to our brand image and customer satisfaction. We have formulated a series of policies and procedures covering various aspects of our property management services. For instance, we have established standardized management guidelines for security, cleaning, greening and repair and maintenance services and implemented random and regular quality checks to ensure consistent and quality property management services. To further ensure the consistency of our service quality, we have established two standardized service models that allow us to address the differentiated needs of our customers in a more efficient and targeted manner based on the type, positioning and scale of different properties:

- *Quality Service (桔服務)*: Under the quality service model, we offer cost-effective solutions for property owners and residents. Under this service model, we provide quality security, cleaning, greening and repair and maintenance services; and

- *Premium Service (臻服務)*: Under the premium service model, we offer property management services and customized value-added services with respect to high-end communities according to our customers' needs and preferences, such as tailored butler services.

We believe we can efficiently replicate our two standardized service models to properties newly delivered to us, allowing us to improve operational efficiency while maintaining consistent service quality throughout the properties under our management.

We believe our brand is synonymous with quality property management services, and we have successfully established such brand image in the PRC property management industry. We were awarded "Leading Property Management Company in terms of Characteristic Services (China Warm Community and Happy Life Service Provider)" (中國物業服務特色品牌企業 (中國溫情社區美好生活服務商)) by CIA in 2019 and "Leading Property Management Company in terms of Characteristic Services (China Smart Life Service Provider)" (中國物業服務特色品牌企業 (中國智慧社區美好生活服務商) by CIA in 2020.

Our high and consistent service quality has also earned high customer satisfaction. According to customer satisfaction surveys conducted by CIA in 2020, we obtained a score of 83.5 out of 100, which was higher than the industry average of 78.5. Due to our high customer satisfaction rate, the retention rate of our property management service agreements for residential properties reached 94.3%, 94.9% and 95.1%, respectively, in 2018, 2019 and 2020.

Experienced and Professional Management Team and Effective Human Resources System

We believe our success has been, and will continue to be, dependent on the quality of our management team. Our senior management team has extensive experience in property management and related industries, with an average of 16 years of experience. Moreover, our senior management possesses in-depth knowledge of the industry and shares the strategic vision and positive outlook of our operations. Mr. Hu Yiping, our executive Director and chairman of the Board, has over 25 years of experience in property development and management. Mr. Hu is a senior economist and engineer. He is the president of Zhejiang Real Estate Industry Association. Mr. Tang Junjie, our executive Director and president, has rich experience in property development and management. Mr. Tang is responsible for the formulation and implementation of our business strategies and financial planning. He is currently the vice president of Hangzhou Property Management Association (杭州物業管理協會) and was awarded as the "Top 100 Property Manager" by Sina Finance together with three other organizations in 2019 and 2020.

To support the rapid development of our business and optimize our management, we focus on continuously upskilling our employees. We believe a capable workforce is key to our future business and have introduced Shengquan Class (盛全班) at our partner universities to create a talent pool of fresh graduates. Students of Shengquan Class receive property management oriented curriculums, attend our internship programs during holiday seasons and work fulltime with us after graduation. Moreover, we also provide the following training programs to our employees to support their career development and ongoing success:

- *Eaglet Program (雛鷹計劃)*: Our Eaglet Program targets entry-level employees. We provide introductory courses covering our business operations and business-line specific training programs to help new joiners start their careers with essential know-hows.

- *Falcon Program (獵鷹計劃)*: Our Falcon Program targets management personnel. We provide courses on business management and practice opportunities to help management personnel enhance their managerial capabilities.

- *Hawk Program (戰鷹計劃)*: Our Hawk Program targets project managers. We provide theoretical training and case studies on project management to help project managers gain in-depths knowledge on how to manage various projects.

- *Eagle Program (雄鷹計劃)*: Our Eagle Program targets regional managers. We provide them with comprehensive training materials on managerial capacities and assign instructors to them to help them streamline their skills on business operation and management.

We also incentivize our employees through a competitive compensation structure and performance incentive scheme. With a view to retaining and cultivating talent, our compensation and promotion system rewards employees with outstanding performance.

We believe that our experienced management team, comprehensive training programs and competitive compensation and promotion scheme enable us to retain sufficient competent employees to provide quality services, enhance our market position and maintain our competitiveness.

BUSINESS STRATEGIES

We endeavor to become a reputable property management service provider in the PRC for providing quality and comprehensive services. To achieve this goal, we plan to implement the following strategies:

Continue to Expand Our Business Scale and Market Share

We plan to continue to solidify our market position in Zhejiang Province and vigorously increase our market share in the Yangtze River Delta Region and other economically developed regions in the PRC. We believe that the Yangtze River Delta Region has unparalleled growth potential. We plan to further penetrate this market by expanding into neighboring cities around areas we have established a presence in, aiming to achieve economies of scale. In addition, we will continue our expansion in other parts of the PRC with great growth potential, such as Wuhan, Zhengzhou, Chengdu, Xi'an, Guiyang and Foshan.

Leveraging our long-term and stable cooperation with Dexin Group and capitalizing on Dexin Group's strategic business and geographical expansion, we aim to expand further by obtaining more property management service agreements from Dexin Group. In addition, we will continue to pursue new engagements from independent third-party property developers. We also plan to grow by acquiring independent third-party property management companies with geographical influence and similar market positioning to maximize potential synergies with our existing business operations. We believe our future acquisitions will enrich our service offerings and help us achieve a sustainable growth in the future. Our key criteria for assessment of potential targets, among other things, include (i) have a total annual operating revenue of over RMB50.0 million; (ii) are located in the Yangtze River Delta Region and other economically developed regions in the PRC; and (iii) have a property portfolio and management expertise that complement ours. When evaluating whether a potential investment or acquisition target has a complementary property portfolio and management expertise, we would generally prefer those property management companies that have, among other things: (a) GFA under management of at least 3.0 million sq.m.; (b) annual revenue of at least RMB50.0 million for the most recent financial year; (c) diversified property portfolios including residential and non-residential properties, in particular where the target is specialized in providing property management services for non-residential properties, as we believe acquisition of target companies with such property portfolios would enable us to further diversify our existing property portfolio and implement a "Six-Three-One" property portfolio layout; see "—Diversify and Expand Our Property Portfolio and Service Offerings;" (d) profitability that is comparable to our projects with similar business scale; (e) a well-established presence in one or more of the top-tier cities in China that have great growth potential, which we believe would allow us to further expand our geographic coverage; and (f) reputable brand and good corporate creditworthiness. As of the Latest Practicable Date, we had not identified any acquisition target. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation" for risks relating to our future acquisitions. If our future acquisition plan cannot materialize, we will (i) continue exploring new acquisition targets; (ii) continue expanding our market share by obtaining engagements from new customers through improving service quality and enhancing our brand recognition; (iii) enhance our relationship with existing customers to obtain new engagements; and (iv) acquire new property management service agreements through participating in public tenders. We also plan to establish joint ventures with companies operating in other industries and/or governmental entities to further diversify our property portfolio. We believe this arrangement will combine our experience with resources from our business partners to help us obtain additional property management service agreements from independent third-party property developers and/or local governments. Furthermore, we plan to obtain new management contracts by actively participating in public tenders organized by various property owners' associations to replace their existing property management companies.

Diversify and Expand Our Property Portfolio and Service Offerings

We plan to expand our property portfolio by implementing a "Six-Three-One" property portfolio layout. We plan to develop a property portfolio where (i) residential properties account for 60% as we believe property management services for residential properties can provide us a stable source of revenue; (ii) commercial complexes and office buildings account for 30% because such properties typically yield a relatively high profit margin; and (iii) other types of properties account for 10% because we intend to further expand our property portfolio and acquire expertise in managing different types of properties.

We intend to capitalize on the favorable policies issued by PRC Government authorities in January 2021 on encouraging property management companies to improve service quality and diversify service offerings. See "Industry Overview—China's Property Management Industry—Key Drivers in China's Property Management Service Market—Favorable Policies." We plan to enrich our service offerings by introducing more diversified and tailored value-added services based on the evolving needs of our customers. In particular, we plan to:

- develop and apply an online service platform to integrate and centralize service offerings. We believe that an integrated service platform will allow us to introduce more diversified services based on the needs of our customers;

- expand our services offered under community retail and home services by providing quality housekeeping services and home appliance repair and maintenance services;

- develop our commercial consulting services by offering preliminary planning and consulting services to cultural tourism programs and education centers in addition to commercial complexes and serviced apartments; and

- expand our property sales and assistance services by leveraging our close relationship with property developers and our familiarity with property owners and residents. We also plan to continue to expand our value-added services provided to non-property owners.

Specifically, we plan to cooperate with specialty service companies to enhance our expertise and capabilities to diversify and expand the aforementioned service offerings through the following means: (i) acquire equity interest in a specialty service company, such as home service provider with a well-established supply chain; (ii) form joint ventures with specialty service companies from industries with comparatively high profitability, such as the home services industry; and (iii) enter into strategic cooperation agreements with certain specialty service companies.

Continue to Improve Our Competitiveness and Efficiency through Information Technology

We plan to introduce new information technology systems and enhance the features of existing ones to improve our management and operational efficiency. In particular, we intend to refine the following information technology systems:

- *Integrated user platform.* We use different information technology and business operation systems to serve our customers from different business lines. We intend to integrate the existing information and business operation systems to provide a one-stop service platform that can address the diversified service needs of our customers.

- *Finance management system.* We intend to further develop our finance management system to allow timely sharing of financial data on, among other things, business operations, finance management, human resources and compensation management.

- *Main data system and data center.* We intend to refine our main data system and data center to ensure consistency and accuracy of data. We aim to improve our business intelligence by analyzing such data to support our decision-making process.

In addition to upgrading our information technology systems, we also intend to hire and cultivate technical talent and increase our investment in research and development to further enhance our information technology capacity. We believe that such upgraded information technology systems, together with our technical talent, will further facilitate the smooth running of our daily operations.

Improve Service Quality to Enhance Brand Value and Market Influence

We aim to continuously improve our service quality to further enhance our brand value and market influence. In particular, we plan to:

- upgrade our current standardized management policies and procedures on security, cleaning, greening and repair and maintenance services to enhance customer satisfaction;
- replicate our quality service and premium service models in new properties delivered for our management to ensure consistency of service quality for all properties under our management;
- utilize and upgrade our information technology systems to improve our business operation and decision-making process and provide better tailored and convenient services to our customers; and
- diversify and improve our communication channels with our customers to better understand their demands, helping us improve our service quality and create a better living environment for our customers.

We believe that the implementation of the above-mentioned measures can further improve our service quality, leading to enhanced brand value and market influence.

Improve Human Resource Management and Enhance Corporate Culture

We intend to attract, cultivate and retain qualified talent to support our continuous business growth.

In terms of talent recruitment, we will explore diversified talent recruitment channels. We intend to attract technical talent from information technology companies to upgrade our information technology systems and experienced professionals from relevant industries to introduce new value-added services. We also plan to continue our on-campus recruitment efforts through deepening our cooperation with universities to recruit top graduates to expand our talent pool.

In terms of talent cultivation, we will continue to provide and improve our training programs. We intend to further invest in our "Eaglet Program" (雛鷹計劃), "Falcon Program" (獵鷹計劃), "Hawk Program" (戰鷹計劃) and "Eagle Program" (雄鷹計劃) to enhance our employees' execution capabilities and leadership skills. We will build a talent pool for key positions and future management team through our training programs.

In terms of talent retention, we will optimize our human resources management and provide competitive remuneration and benefit packages that help us retain talented employees. We plan to enhance our performance-based compensation and promotion scheme to align the interests of employees with our success.

With respect to corporate culture, we will continue to introduce new measures aiming to promote belonging and performance. We believe this will encourage loyalty to our Group and build a stable employee structure to effectively execute our strategies and enhance our brand recognition.

We believe our plan to attract, cultivate and retain talent, together with our corporate culture, will enable our talented employees to grow with us and help us achieve a sustainable growth in the long term.

OUR BUSINESS MODEL

We have three business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services. The following table sets forth a breakdown of our revenue by business line during the years indicated, both in absolute amount and as a percentage of total revenue:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Property management services	268,599	67.5	310,076	60.5	370,415	53.5
Value-added services to non-property owners	86,414	21.7	139,584	27.2	178,781	25.8
Community value-added services	42,820	10.8	63,190	12.3	143,123	20.7
Total	**397,833**	**100.0**	**512,850**	**100.0**	**692,319**	**100.0**

PROPERTY MANAGEMENT SERVICES

Overview

We have been providing property management services since 2004. As of December 31, 2020, we had 175 properties under management with an aggregate GFA under management of 24.9 million sq.m., covering 24 cities across 7 provinces in the PRC. As of the same date, we were contracted to manage 241 properties with an aggregated contracted GFA of 38.0 million sq.m., covering 33 cities across 11 provinces in the PRC. In 2018, 2019 and 2020, revenue generated from property management services provided in relation to properties developed by Dexin Group amounted to RMB59.5 million, RMB78.7 million and RMB98.8 million, respectively, accounting for 22.2%, 25.4% and 26.7%, respectively, of our total revenue generated from property management services for those same years.

A majority of our revenue from property management services is generated from services provided with respect to properties developed by independent third-party property developers. We started to provide property management services for properties developed by independent third-party property developers in 2005. As of December 31, 2020, we had 106 properties under our management that were developed by independent third-party property developers with a total GFA under management of 16.2 million sq.m. Revenue generated from property management services provided to properties developed by independent third-party property developers increased slightly from RMB198.5 million in 2018 to RMB209.6 million in 2019, and further increased to RMB216.6 million in 2020.

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

	As of or for the year ended December 31,														
	2018					2019					2020				
	No. of properties	GFA		Revenue		No. of properties	GFA		Revenue		No. of properties	GFA		Revenue	
		sq.m.'000	*%*	*RMB'000*	*%*		*sq.m.'000*	*%*	*RMB'000*	*%*		*sq.m.'000*	*%*	*RMB'000*	*%*
Properties developed by Dexin Group[1]	28	3,546	18.8	59,539	22.2	40	4,742	23.0	78,656	25.4	44	5,639	22.6	98,822	26.7
Jointly developed properties[2]	6	585	3.1	10,540	3.9	11	1,375	6.6	21,853	7.0	25	3,115	12.5	54,997	14.8
Properties developed by independent third-party property developers[3]	92	14,685	78.1	198,520	73.9	93	14,535	70.4	209,567	67.6	106	16,151	64.9	216,596	58.5
Total	**126**	**18,816**	**100.0**	**268,599**	**100.0**	**144**	**20,652**	**100.0**	**310,076**	**100.0**	**175**	**24,905**	**100.0**	**370,415**	**100.0**

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

Our Geographical Presence

Since our inception in Zhejiang Province, we have expanded our geographic coverage nationwide with an aggregated contracted GFA of 38.0 million sq.m., covering 33 cities across 11 provinces in the PRC as of December 31, 2020. As of the same date, we had a total of 175 properties under management with an aggregate GFA under management of 24.9 million sq.m.

The map below illustrates the locations of our property portfolio as of December 31, 2020:

Locations of properties under our management

Zhejiang	Hangzhou Huzhou Jiaxing Jinhua Ningbo Lishui Wenzhou Taizhou Zhoushan Quzhou
Jiangsu	Changzhou Nanjing Suzhou Wuxi Xuzhou Zhenjiang
Anhui	Hefei Bengbu Liuan Xuancheng
Shanghai	Shanghai
Yunnan	Dali
Henan	Shangqiu
Shaanxi	Weinan

Locations of properties we were contracted to manage

Zhejiang	Hangzhou Huzhou Jiaxing Jinhua Ningbo Lishui Wenzhou Taizhou Zhoushan Quzhou Deqing
Jiangsu	Changzhou Nanjing Suzhou Wuxi Xuzhou Zhenjiang Taizhou
Anhui	Hefei Bengbu Liuan Xuancheng Suzhou
Shanghai	Shanghai
Yunnan	Dali
Henan	Shangqiu
Shaanxi	Weinan Xi'an
Sichuan	Meishan Chengdu
Guangdong	Foshan
Jiangxi	Shangrao
Hubei	Wuhan

The following table sets forth details of properties we managed and were contracted to manage by region as of December 31, 2020:

Region/Province	Properties under management[(1)]		Contracted properties[(2)]	
	Number of properties	GFA	Number of properties	GFA
		sq.m.'000		*sq.m.'000*
Zhejiang Province	133	17,159	177	23,667
Yangtze River Delta Region (excluding Zhejiang Province)	38	7,228	50	8,927
Other regions	4	518	14	5,439
Total	**175**	**24,905**	**241**	**38,032**

Notes:

(1) Refer to properties that have been delivered to us for property management purposes.

(2) Refer to all properties for which we have entered into the relevant operating property management service agreements, which may, in addition to properties under management, also include properties that have not been delivered to us for property management purposes.

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Zhejiang Province	11,246	155,547	57.9	12,516	189,592	61.1	17,159	264,690	71.5
Yangtze River Delta Region (excluding Zhejiang Province)	6,260	99,804	37.2	6,760	105,426	34.0	7,228	95,920	25.9
Other regions	1,310	13,248	4.9	1,376	15,058	4.9	518	9,805	2.6
Total	**18,816**	**268,599**	**100.0**	**20,652**	**310,076**	**100.0**	**24,905**	**370,415**	**100.0**

Scope of Services

We primarily provide the following types of property management services:

- *Security services*. We seek to ensure that the properties we manage are safe and in good order. The security services we provide on a daily basis include, among other things, traffic management, patrolling, video surveillance, carpark security, emergency response, entry control and visitor management. We provide our security services through our own employees and third-party subcontractors.

- *Cleaning services*. We provide cleaning services for property units and common areas which may include staircases, hallways, exterior walls and basements. We provide our cleaning services primarily through third-party subcontractors.

- *Greening services*. We provide greening services which mainly include pest controlling, pruning, plant watering and fertilization for the greenery of our managed properties. We generally provide greening services through third-party subcontractors.

- *Common area facility repair and maintenance services*. We are generally responsible for the maintenance of (i) common area facilities and construction structures such as lift, escalators and central air conditioning facilities; (ii) fire and safety facilities such as fire extinguishers and fire alarm systems; (iii) security facilities such as entrance gates, fences and surveillance cameras; and (iv) utility facilities such as electricity generators, power distribution equipment, water pump rooms, water supply and drainage systems. We provide repair and maintenance services through our own employees with support from relevant service providers.

As of December 31, 2020, we employed 2,531 on-site personnel to provide property management service and engaged 159 selected subcontractors to provide certain property management services, mainly including security, cleaning and greening services.

Portfolio of Properties under Management

We primarily manage residential properties. During the Track Record Period, we generated a majority of our revenue from managing residential properties. Our total GFA under management for residential properties grew from approximately 12.9 million sq.m. as of December 31, 2018 to approximately 14.9 million sq.m. as of December 31, 2019, and further to approximately 18.9 million sq.m. as of December 31, 2020.

While residential properties have generated and are expected to continue to generate a large portion of our revenue, we continuously seek to provide property management services to non-residential properties. The non-residential properties under our management primarily include commercial complexes, office buildings, schools, hospitals, industrial properties and municipal facilities.

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

	As of or for the year ended December 31,											
	2018				2019				2020			
	GFA		Revenue		GFA		Revenue		GFA		Revenue	
	sq.m.'000	*%*	*RMB'000*	*%*	*sq.m.'000*	*%*	*RMB'000*	*%*	*sq.m.'000*	*%*	*RMB'000*	*%*
Residential properties	12,888	68.5	179,349	66.8	14,894	72.1	192,792	62.2	18,894	75.9	252,100	68.1
Non-residential properties	5,928	31.5	89,250	33.2	5,758	27.9	117,284	37.8	6,011	24.1	118,315	31.9
Total	**18,816**	**100.0**	**268,599**	**100.0**	**20,652**	**100.0**	**310,076**	**100.0**	**24,905**	**100.0**	**370,415**	**100.0**

The following table sets forth a breakdown of number of projects, GFA under management and revenue from property management services by property type for the years indicated:

	As of or for the year ended December 31, 2018			As of or for the year ended December 31, 2019			As of or for the year ended December 31, 2020		
	Number of projects	GFA under management	Revenue	Number of projects	GFA under management	Revenue	Number of projects	GFA under management	Revenue
		sq.m.'000	*RMB'000*		*sq.m.'000*	*RMB'000*		*sq.m.'000*	*RMB'000*
Residential properties	82	12,888	179,349	93	14,894	192,792	116	18,894	252,100
Non-residential properties									
Office buildings	8	581	23,908	8	624	23,264	14	808	22,501
Commercial complexes	12	1,224	24,804	17	1,568	44,704	19	1,877	48,913
Municipal facilities	11	1,509	15,309	10	1,490	18,359	9	1,457	9,591
Schools	5	1,071	5,341	5	691	3,881	3	319	5,421
Hospitals	4	796	16,831	6	946	19,653	5	650	17,989
Industrial properties	4	747	3,057	5	439	7,423	9	900	13,900
Subtotal	44	5,929	89,250	51	5,758	117,284	59	6,011	118,315
Total	**126**	**18,816**	**268,599**	**144**	**20,652**	**310,076**	**175**	**24,905**	**370,415**

For municipal facilities, schools and hospitals, we typically obtained or renewed our property management service agreements through public tenders. For the rest of our non-residential property type, we typically obtained or renewed our property management service agreements through public tenders, negotiated biddings or direct appointment. Non-residential properties generally would not establish property owners' associations to appoint their property management service providers in a way similar to residential properties.

The following table sets forth a breakdown of number of projects and GFA from property management services by property type as of the Latest Practicable Date:

	As of the Latest Practicable Date			
	Number of projects	Contracted GFA	Number of projects under management	GFA under management
		sq.m.'000		*sq.m.'000*
Residential properties	202	33,805	130	20,319
Non-residential properties				
Office buildings	22	1,153	19	847
Commercial complexes	20	2,271	19	1,877
Municipal facilities	13	1,881	13	1,881
Schools	3	319	3	319
Hospitals	5	650	5	650
Industrial properties	11	1,418	9	900
Subtotal	74	7,691	68	6,474
Total	**276[1]**	**41,497**	**198**	**26,792**

Note:

(1) Since December 31, 2020 and up to the Latest Practicable Date, we entered into 36 property management service agreements. We also voluntarily terminated one property management service agreement in February 2021.

We believe that as we accumulate experience and recognition for the quality of our property management services to both residential and non-residential properties, we will be able to continue to diversify our portfolio of properties under management and further enlarge our customer base.

Growth of Our Property Portfolio

We have been growing our properties portfolio during the Track Record Period primarily by obtaining new property management service agreements from Dexin Group, its joint ventures and associates and independent third-party property developers. Going forward, we intend to continue to increase our business scale and market share through obtaining more property management service agreements from Dexin Group and independent third-party property developers as well as property owners' associations. In addition, we also plan to, acquire independent third-party property management companies with geographical influence and similar marketing positioning and form joint ventures with companies operating in other industries or governmental entities to further diversify our property portfolio and expand our business scale. See "—Business Strategies—Continue to Expand Our Business Scale and Market Share."

The following table sets forth the movement of our contracted GFA and GFA under management in terms of property number and its corresponding GFA during the Track Record Period:

	As of or for the year ended December 31,											
	2018				2019				2020			
	Contracted properties(1)		Properties under management		Contracted properties(1)		Properties under management		Contracted properties(1)		Properties under management	
	Number of properties	GFA	Number of properties	GFA	Number of properties	GFA	Number of properties	GFA	Number of properties	GFA	Number of properties	GFA
	(sq.m.'000, except for number of properties)											
As of the beginning of the period	133	21,112	118	19,589	173	28,282	126	18,816	201	31,113	144	20,652
New engagements(2)	47	9,664	15	1,721	39	4,880	29	3,885	53	9,082	44	6,416
Terminations(3)	7	2,494	7	2,494	11	2,049	11	2,049	13	2,163	13	2,163
As of the end of the period	**173**	**28,282**	**126**	**18,816**	**201**	**31,113**	**144**	**20,652**	**241**	**38,032**	**175**	**24,905**

Notes:

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

(2) Primarily include (i) preliminary property management service agreements for new properties developed by property developers; and (ii) property management service agreements for residential or non-residential properties to replace their previous property management service providers. Agreements that were renewed during the relevant period are not regarded as the new engagements for such period. GFA under management for new engagements includes the GFA delivered for our management in the relevant period pursuant to agreements we entered in previous period(s).

(3) Primarily include certain terminated property management service agreements as we reallocated our resources to more profitable engagements to optimize our properties portfolio.

Property Management Fees

We adopt two fee models under which we charge property management fees. During the Track Record Period, a substantial portion of our property management fees were charged on a lump sum basis, with the remainder charged on a commission basis. The following table sets forth a breakdown of our total GFA under management by fee model as of the dates indicated and revenue generated from property management services by fee model for the years indicated:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000.*	*RMB'000*	*%*
Lump sum basis	18,507	268,300	99.9	20,343	309,781	99.9	24,480	369,997	99.9
Commission basis	309	299	0.1	309	295	0.1	425	418	0.1
Total	**18,816**	**268,599**	**100.0**	**20,652**	**310,076**	**100.0**	**24,905**	**370,415**	**100.0**

We take into account a number of factors in determining whether to charge fees on a lump sum or commission basis, including, local regulations, service requirements specified by property developers or property owners' associations, affordability of property management fees and quality expectation of the property owners, local market conditions, projected profitability and the nature and characteristics of individual properties. We determine the fee model on a case-by-case basis.

Property Management Fees Charged on a Lump Sum Basis

During the Track Record Period, we derived a substantial portion of our revenue from property management service agreements on a lump sum basis. Under the lump sum fee model, we charge a fixed and "all-inclusive" fee for our property management services. Our property management fees are typically charged on an annual basis for residential properties, on a quarterly basis for and on the basis specified in the terms of our property management service agreements for all other properties. We are entitled to retain the full amount of property management fees collected from property developers, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to CIA, the lump sum fee model is the prevailing method of collecting property management fees in the PRC, especially in relation to residential properties.

The lump sum fee model poses high requirements on our operation management capabilities and efficiency. 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, among other things, staff costs, subcontracting costs, utility and maintenance costs, costs of raw materials and consumables used, cost of selling carpark spaces and other expenses. As we bear such expenses ourselves, our profit margins are affected by our ability to lower our cost of sales. In the event that our cost of sales is higher than anticipated, we may not be able to collect additional fees from our customers to sustain our profit margins. However, we may have the option to raise the property management fees through negotiation and increase the financial and operational efficiency by applying an automated system. During the Track Record Period and up to the Latest Practicable Date, we did not incur any material loss in managing properties whose fees were charged on a lump sum basis.

In 2018 and 2019, we incurred aggregate gross losses of RMB0.3 million and RMB0.4 million, respectively, with respect to five and one properties under our management, respectively. We did not incur gross losses with respect to properties under our management in 2020. We incurred gross losses with respect to these properties primarily because we had managed these loss-making properties for a long time without upward adjustments in pricing. Our revenue from property management services provided with respect to such loss-making properties was approximately RMB5.1 million and RMB3.0 million in 2018 and 2019, respectively, representing 1.9% and 1.0%, respectively, of our revenue from property management services for the same years. See "Risk Factors—Risks Relating to Our Business and Industry—We incurred losses during the Track Record Period with respect to certain of our property management service agreements on a lump sum basis." We managed the loss-making properties for a long time without raising the management fees primarily because (i) for residential properties which have established property owners' associations, we can only raise property management fee level when renewing the property management service agreements pursuant to the relevant procedures; and (ii) for residential properties which have not established property owners' associations, we can only follow the property management fees specified in the preliminary property management service agreements. To maintain the profitability of our managed properties, we have undertaken various cost-saving measures. For instance, we (i) implemented information technology systems to enhance our operational efficiency; (ii) introduced training programs to our employees to increase their operating efficiency and execution capacity; (iii) outsourced certain security, cleaning and greening services to experienced third-party service providers; and (iv) closely monitored our cost structure and optimized our expenses on energy consumption. We believe, through economies of scale, we can also reduce our costs by centrally managing human resource and investment in multiple properties in proximity to improve operating efficiency. We would also expand our community value-added services at residential properties where we are unable to increase property management fees. We would discontinue these loss-making properties only if, after internal assessment, we determine that (i) we are unable to increase the property management fees in the near future; and (ii) we may not be able to expand our value-added services at such properties. We terminated the property management service agreements for three loss-making properties in 2018. All other loss-making properties in 2018 and 2019 became profitable in the subsequent year attributable to various cost-saving measures discussed above.

Property Management Fees Charged on a Commission Basis

During the Track Record Period, we derived revenue from a limited number of property management service agreements on a commission basis. Under the commission fee model, we generally collect a pre-determined percentage or a pre-determined amount of the total amount of property management fees payable by our customers on a monthly basis as our commission fee. We recognize the commission fee as revenue, while the remainder is used as working capital to cover the costs we incur in providing our property management services. Such costs are borne by customers who pay us property management fees.

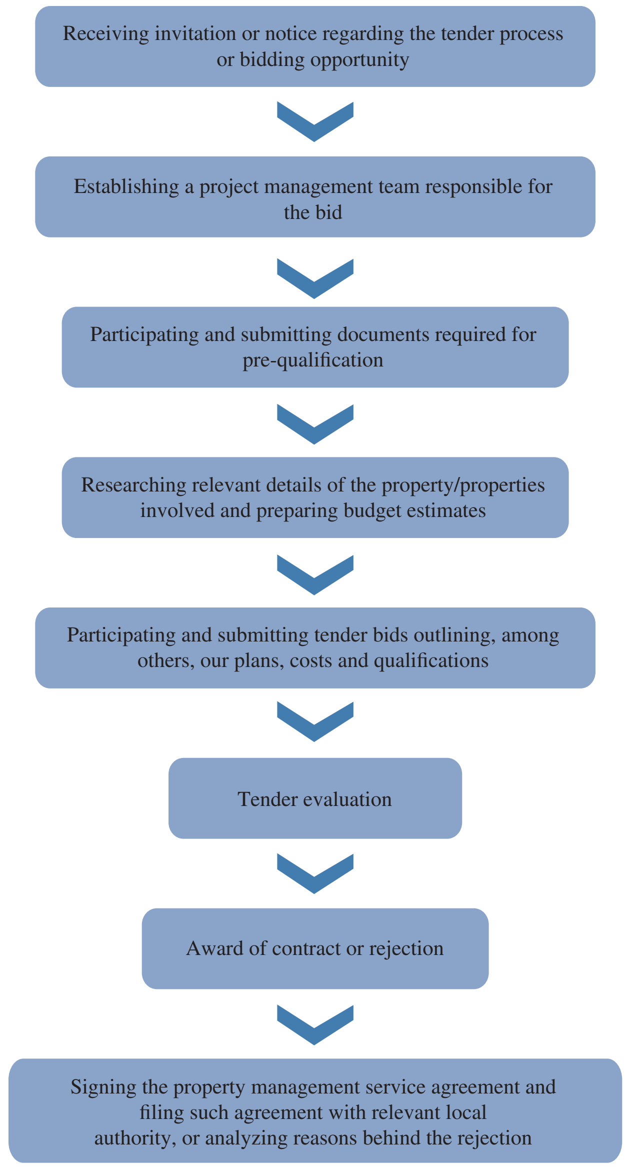
When we are contracted to manage residential communities on a commission basis, we essentially act as an agent of the property owners and residents. As the management offices of these residential communities have no separate bank accounts, all transactions related to such management offices are settled through our treasury function. As of the end of a period, if the working capital of a management office accumulated in our treasury function is insufficient to cover the expense that has been incurred during the relevant period, the shortfall will be shared among residents. During the Track Record Period, two properties under management were charged on a commission basis.

Under the commission fee model, we are not entitled to any excess of the property management fees paid by customers over the costs and expenses associated with the provision of services to the property. Therefore, we do not recognize any direct cost under property management service agreements charged on a commission basis in general. Such costs are borne by the customers. The operational risk related to commission fee model is relatively low because costs of property management are borne by customers and it constitutes only a small portion of properties managed.

Tender Process

The majority of our property management service agreements are obtained by participating in tenders, a process whereby property developers or property owners' associations evaluate and select from multiple property management service providers. Only a minority of our property management service agreements are obtained by negotiated biddings. Invitations to tenders are usually issued by property developers for properties under development, or from property owners' associations for residential properties that wish to replace their existing property management service providers. According to the Regulations on Property Management (《物業管理條例》) and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》), the property developer of residential properties and commercial properties in the same property management area shall engage qualified property management enterprises through a tender and bidding process. If there are fewer than three bidders for any small-scale properties, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. See "Regulatory Overview—Regulations on Property Management Service—Regulations on Appointing the Property Management Enterprise" in this prospectus for more information on the relevant legal requirements on tender processes. A tender process is also required for engaging property management service providers for services over a designated amount in relation to non-residential properties owned by the PRC governmental agencies, institutions or organizations according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations.

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



For properties developed by Dexin Group and its joint ventures and associates, we also participate in the tender process as required by relevant PRC laws and regulations before being awarded property management service agreements.

The following table sets forth our tender success rate for obtaining property management service agreements by type of property developer for the years indicated:

	Year ended December 31,		
	2018	2019	2020
		(%)	
Properties developed by Dexin Group[(1)]	100.0	100.0	100.0
Jointly developed properties[(2)]	100.0	100.0	100.0
Properties developed by independent third-party property developers[(3)]	58.6	63.6	65.8

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

During the Track Record Period, our tender success rate for properties developed by Dexin Group was 100.0%. Such high tender bid success rate with respect to properties developed by Dexin Group during the Track Record Period was primarily attributable to, among other things, (i) the recognition by Dexin Group for our quality property management services; (ii) our long-term and close relationship with Dexin Group, which has enabled both parties to establish mutual trust, accumulate tacit knowledge and reduce costs related to communication and coordination; and (iii) the fact that we share similar philosophy in providing products and services to customers, which has enabled us to better understand and meet the standards expected by Dexin Group.

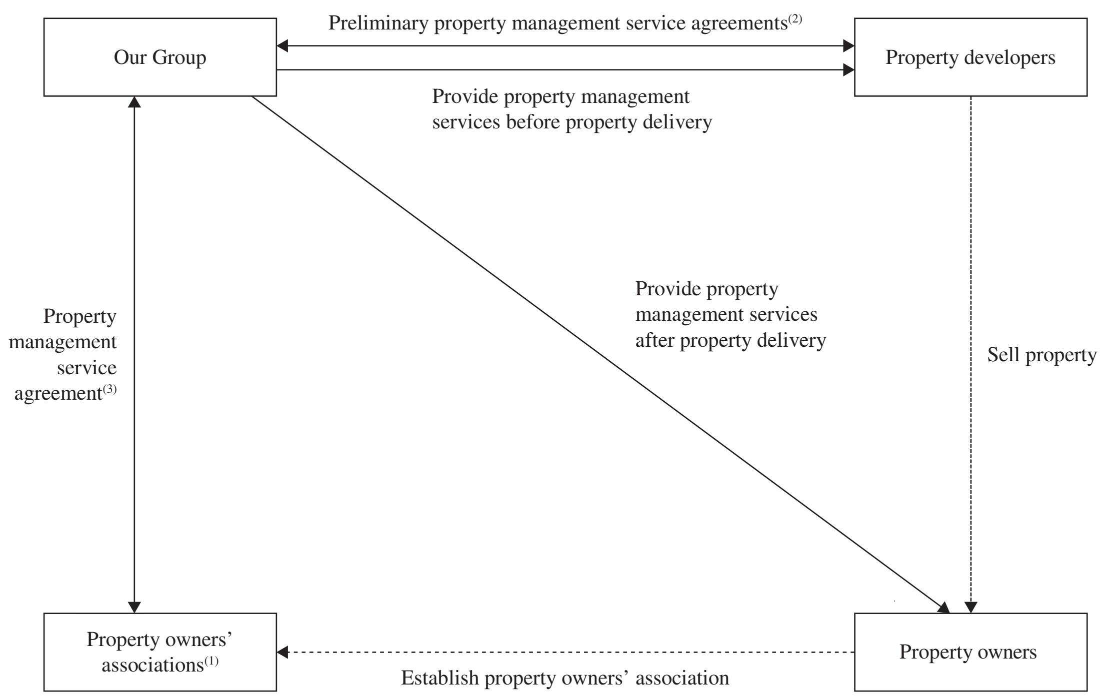
During the Track Record Period, our tender success rate with respect to jointly developed properties was 100.0%, primarily because our products, service quality and brand image are widely recognized by property developers of jointly developed properties.

In 2018, 2019 and 2020, we submitted a total of 29, 22 and 38 tender bids for property management projects developed by independent third-party property developers, respectively, and our tender success rate with respect to properties developed by independent third-party property developers for the same years was 58.6%, 63.6% and 65.8%, respectively. Our tender success rate with respect to properties developed by independent third-party property developers was lower than that with respect to properties developed by Dexin Group or jointly developed properties because we normally provide value-added services to non-property owners for properties developed by Dexin Group or jointly developed properties at early stage of property development process. Such services allow us to better understand the demands of such property developers so that they are more likely to engage us for property management services.

As of December 31, 2020, we had three preliminary property management service agreements which were obtained without going through the tender process, but through regular business negotiations at arm's length. According to the relevant PRC laws and regulations, when engaging property management service providers to provide preliminary property management services, property developers shall go through a tender process. As advised by our PRC Legal Advisors, there are no specific laws and regulations in the PRC which set out administrative penalties if a property management service provider fails to enter into preliminary property management service agreements through a tender process and failure to go through the tender process will not affect the validity of the relevant agreement. Nonetheless, if the local government requires the relevant property developer to rectify within a prescribed period, the relevant property developer may need to organize a tender process to select a property management service provider for the relevant properties. We only derived revenue from one of these three properties as of December 31, 2020. Our revenue from property management services provided to this property was approximately RMB1.8 million during the Track Record Period, representing 0.5% of our total revenue from property management services for the Track Record Period. According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), (i) a property developer of any residential properties shall select a property management company through participation in the tender process; where there are fewer than three bidders or the scale of residential property is relatively small, the property developer may select a property management company by directly entering into an agreement with the approval of the real estate administrative department of the district or county government where the property is located; and (ii) a property management company is not required to be selected through the tender process to enter into the property management service agreement with the residential property owners' association. In addition, pursuant to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), a property developer of a pure non-residential property is not required to select a property management company through tender process.

Property Management Service Agreements

The following diagram illustrates our relationships with various parties under our property management service agreements:



Notes:

(1) A property owners' association is authorized by applicable laws to act on behalf of the property owners.

(2) A preliminary property management service agreement is a type of property management service agreement that we enter into with a property developer before the property is delivered to property owners, and is legally binding on all future property owners in accordance with the relevant PRC laws and regulations.

(3) A property management service agreement entered into between a property owners' association and us is legally binding on all property owners in accordance with the relevant PRC laws and regulations.

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 with property developers before we enter into property management service agreement with property owners' associations, and is legally binding on all future property owners in accordance with the relevant PRC laws and regulations.

In relation to residential properties that have already been delivered for our management but where 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 relevant property developers.

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

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

	As of or for the year ended December 31,											
	2018				2019				2020			
	Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue	
	sq.m.'000		*RMB'000*	*%*	*sq.m.'000*		*RMB'000*	*%*	*sq.m.'000*		*RMB'000*	*%*
Preliminary stages(1)	24,386	14,920	184,186	68.6	26,697	16,236	220,924	71.2	32,138	19,011	288,337	77.8
Property owners' associations stage(2)	3,896	3,896	84,413	31.4	4,416	4,416	89,152	28.8	5,894	5,894	82,078	22.2
Total	**28,282**	**18,816**	**268,599**	**100.0**	**31,113**	**20,652**	**310,076**	**100.0**	**38,032**	**24,905**	**370,415**	**100.0**

Notes:

(1) Refer to stages at which properties have been delivered for our management but the property owners' associations have not been established.

(2) Refer to stages where property owners' associations were established. For each property which we have entered into a property management service agreement with the property owners' association, revenue for the entire period during which the relevant property owners' association was established has been included for calculation purpose, including revenue generated during the preliminary stage for such property immediately before the establishment of the property owners' association. See "—Property Management Service Agreements—Key Terms of Agreements with Property Owners' Associations" below.

As of December 31, 2020, our total contracted GFA of properties that have been contracted to us for property management but not yet delivered to us was approximately 13.1 million sq.m. For such contracted but undelivered properties, we have entered into the relevant preliminary property management service agreements or property management service agreements but have not begun to provide property management services as of December 31, 2020 as they were still to be delivered to us as of the same date.

The following table sets forth the expiration schedule of our property management service agreements for properties under our management as of December 31, 2020:

	Properties under Management				**Contracted Properties**			
	GFA under management		**Number of agreements**		**Contracted GFA**		**Number of agreements**	
	sq.m.'000	*%*	*Number*	*%*	*sq.m.'000*	*%*	*Number*	*%*
Property management service agreements without fixed terms[1]	13,029	52.3	92	52.6	25,243	66.4	151	62.6
Property management service agreements with fixed terms expiring in:								
Year ending December 31, 2021[2]	7,336	29.5	56	32.0	7,708	20.3	58	24.1
Year ending December 31, 2022 and beyond	4,540	18.2	27	15.4	5,081	13.3	32	13.3
Subtotal	**11,876**	**47.7**	**83**	**47.4**	**12,789**	**33.6**	**90**	**37.4**
Total	**24,905**	**100.0**	**175**	**100.0**	**38,032**	**100.0**	**241**	**100.0**

Notes:

(1) Include (i) preliminary property management service agreements entered into with the property developers which do not have a fixed term and can be terminated when a property owners' association is formed and the property owners select a property management service provider with a replacing property management service agreement entered into by the property owners' association; and (ii) property management service agreements which we continued to provide services under these agreements despite that their contract term expired before December 31, 2020. This was mainly because the relevant property owners' general meetings of such properties are yet to be convened or the property owners' associations are yet to be formed to renew our property management service agreements or to select a replacing property management service provider, or that we are still in the negotiation process with the property owners' associations for the renewal of our engagement.

(2) Include property management service agreements which we continued to provide services under these agreements despite that their contract terms will expire on December 31, 2021.

During the Track Record Period, we entered into property management service agreements with different contracting parties. The following table sets forth a breakdown of our revenue from property management services by contracting party for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Revenue	%	Revenue	%	Revenue	%
	(RMB in thousands, except for percentages)					
Dexin Group and its associates or joint ventures and other entities controlled by Mr. Hu. .	45,365	16.9	68,753	22.2	130,646	35.2
Independent Third Parties						
Independent third-party property developers for residential properties	55,130	20.5	61,511	19.8	73,828	20.0
Property owners' associations	85,138	31.7	89,152	28.8	82,078	22.2
Independent property owners/operators for non-residential properties	82,966	30.9	90,660	29.2	83,863	22.6
Total	**268,599**	**100.0**	**310,076**	**100.0**	**370,415**	**100.0**

The following table sets forth a breakdown of the number of property management service agreements set to expire and renewed for the years indicated, together with relevant renewal rate:

	Number of property management service agreements set to expire during the year	Number of property management service agreements set to expire but renewed[(1)] as of the end of the respective year	Renewal rate[(2)]
2018	33	28	84.9%
2019	39	30	76.9%
2020	52	40	76.9%

Notes:

(1) Include (i) property management service agreements that had been formally renewed; and (ii) property management service agreements under which we continued to provide property management services upon expiration prior to entering into a renewal agreement.

(2) Calculated as the number of property management service agreement set to expire during a period but renewed as of the end of the respective year by the number of property management service agreement set to expire during the same year.

In 2018, 2019 and 2020, our renewal rate for property management service agreements was 84.9%, 76.9% and 76.9%, respectively. We did not renew certain property management service agreements during the Track Record Period primarily because we were unsuccessful or did not participate in the new public tender process upon expiry of the relevant property management service agreements as we intended to raise our fee level to improve the profitability of the relevant properties.

In 2018, 2019 and 2020, our retention rate for property management service agreements was 94.7%, 92.9% and 93.1%, respectively. In 2018, 2019 and 2020, our retention rate for property management service agreements of residential properties was 94.3%, 94.9%, and 95.1%, respectively. In 2018, 2019 and 2020, our retention rate for property management service agreements of non-residential properties was 95.7%, 89.5% and 89.4%, respectively. The retention rate for non-residential properties was generally lower than that of residential properties, primarily because property management service agreements for schools, hospitals and municipal facilities have a fixed term ranging from one to three years, and we need to participate in tender process to secure the relevant engagements.

Key Terms of Agreements 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 agreement with property developer sets out the required services, primarily including security, cleaning, greening and repair and maintenance services. We may outsource certain services to qualified subcontractors.

- *Performance standards*. A preliminary property management service agreement sets forth the scope, such as the areas to which our services are related, as well as the requirements, frequency and standards for the performance of our services.

- *Property management fees*. A preliminary property management service agreement sets forth the amount of property management fees payable, generally on a lump sum basis. The property developer is typically responsible for paying the property management fees for the units that remain unsold. If we agree to manage carparks, the preliminary property management service agreement will also specify the fees payable for such services. For overdue property management fees, property developers, owners or residents should pay an overdue penalty as specified in the agreement.

- *Property developer's obligations*. The property developer is primarily responsible for, among other things, ensuring that its property buyers understand their obligations in relation to property management services provided by us and incorporating the relevant terms of the preliminary property management service agreement into the property purchase agreement, and providing us with office facilities and other support necessary for carrying out our contractual obligations.

- *Term of service and termination*. The agreement typically expires after the property owners' association is established and a new property management service agreement is entered into to replace the existing one with the property developer. If such property management service agreement expires and no property owners' association has been established, such agreement will be automatically renewed or we may negotiate with the property developer to enter into a supplementary preliminary property management service agreement.

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

After delivery of properties by property developers to property owners, property owners may form and operate a property owners' association to manage the properties.

Once our preliminary property management service agreements have expired, we may negotiate with the newly-formed property owners' associations for the terms of new property management service agreements. As of December 31, 2020, 38 of residential properties under our management established property owners' associations, accounting for 32.8% of the total number of residential properties under our management. The property owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the PRC Civil Code (《中華人民共和國民法典》), a quorum for the general meeting of the property owners to engage or dismiss a property management enterprise shall consist of the property owners who holding more than two-thirds of exclusive parts and representing more than two-thirds of the total number of property owners. A general meeting of the property owners of a community can engage or dismiss a property management company with affirmative votes of property owners who participate in the voting and own more than half of the exclusive parts and who account for more than half of the total number of the property owners participating in the voting. See "Regulatory Overview—Regulations on Property Management Service—Regulations on Appointing the Property Management Enterprise" in this prospectus for more information.

Property owners and residents are legally obligated to pay us property management fees, since we continued rendering services to those property management properties 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 properties, 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 Agreements 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 security, cleaning, greening and repair and maintenance services.

- *Performance standards*. A property management service agreement would set forth the expected standards for our property management services, including areas to which our services relate, as well as the frequency of performance of services.

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

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

- *Terms of service and termination*. Our property management service agreements generally have a fixed term of three years. For property management service agreements that may be renewed, proposals to renew the agreement are generally made in writing three months before the agreement expires and a new service agreement is generally signed one or two months before the agreement expires. Certain of our service 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 becomes effective. Our property management service agreements may be terminated by property owners' associations if we fail to meet the quality standards set out in the agreements and fail to rectify the issue within a specified time period.

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

Under PRC laws and regulations, 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 agreements. Thus, we have legal claim rights against property owners for outstanding property management fees. Property owners have the right to be informed of and to supervise the use of public funds and the management of common areas and public facilities.

Key Terms of Property Management Service Agreements for Non-residential Properties

We enter into property management service agreements with customers such as property owners and property developers for the management of non-residential properties. Our property management service agreements for non-residential properties typically include key terms such as scope of services, performance standards, property management fees, the parties' respective rights and obligations and terms of service.

Payment terms for non-residential properties vary depending on the type of properties and our negotiation with our customers, and our management fees typically are due on a monthly or quarterly basis.

Our Pricing Policy

For residential properties, before the establishment of property owners' association, we price our services according to the local government pricing guidelines. For non-residential properties, or for residential properties, after the establishment of property owners' association, we generally price our services by taking into account factors, such as characteristics, locations, our budget, target profit margins, the profile of property owners and residents and the scope and quality of our services. We regularly evaluate our financial information to assess whether we are collecting sufficient property management fees to sustain our profit margins. During renewal negotiations for our property management service agreements, we may raise our property management fee rates as a condition precedent for continuing our services.

The price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services, and we are also subject to pricing controls issued by the relevant government authorities. 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》), or the Price Control Liberalization Circular, which require provincial-level price administration authorities to relax the price control or guidance policies on residential properties, with certain exceptions. See "Regulatory Overview—Regulations on Property Management Service—Regulations on the Fees Charged by Property Management Enterprise" in this prospectus. We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Price Control Liberalization Circular. However, the relevant pricing guidances may limit our abilities to raise our fee rates, see "Risk Factors—Risks Relating to Our Business and Industry—We incurred losses during the Track Record Period with respect to certain of our property management service agreements on a lump sum basis" in this prospectus.

The following table sets forth our average monthly property management fees by property type for the years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
		(RMB per sq.m.)	
Residential properties	1.8	1.8	2.0
Non-residential properties	1.9	2.8	2.7

Our average monthly property management fees for residential properties increased from RMB1.8 per sq.m. in 2018 and 2019 to RMB2.0 per sq.m. in 2020 primarily because we managed to charge higher property management fees in 2020 for newly-delivered properties and implemented cost control measures that, together with economies of scale, improved our operational efficiency. Our average monthly property management fees for non-residential properties increased from RMB1.9 per sq.m. in 2018 to RMB2.8 per sq.m. in 2019 primarily because we voluntarily terminated one property management service agreement for an industrial property, and did not renew property management service agreements for one school, one hospital, one municipal facility and two government-operated properties with low profit margins.

Our average monthly property management fee for the properties terminated in 2019 was RMB1.1 per sq.m prior to the termination. Our revenue from property management services provide with respect to such properties was approximately RMB9.8 million and RMB5.9 million in 2018 and 2019, respectively, representing 3.7% and 1.9%, respectively, of our revenue from property management services for the same years. The gross profit margins for property management services provided to such properties were 8.6% and 13.2% in 2018 and 2019, respectively, while the gross profit margins for property management services provided to other non-residential properties were 19.0% and 21.9% in 2018 and 2019, respectively.

The increase in our average monthly property management fees for non-residential properties from 2018 to 2019 was also because we charged high property management fees for newly delivered non-residential properties. We were able to charge higher property management fees for newly delivered non-residential properties in 2019 primarily because most of newly delivered non-residential properties were commercial complexes and office buildings for which we charge relatively high property management fees. Our Directors are of the view that such fee level is sustainable primarily because we typically enter into long-term property management service agreements with a term of more than three years for such non-residential properties so we can charge the same level of fees during the term of the relevant agreements.

Our average monthly property management fees for non-residential properties remained stable at RMB2.7 per sq.m. in 2020 as compared RMB2.8 per sq.m. in 2019.

The following table sets forth the average monthly property management fees for property management services by property developer for the years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
		(RMB per sq.m.)	
Properties developed by Dexin Group[(1)]	2.0	2.2	2.2
Jointly developed properties[(2)]	2.5	2.3	2.4
Overall average monthly property management fee for properties developed by Dexin Group and jointly developed properties	2.1	2.2	2.3
Properties developed by independent third-party property developers[(3)]	1.8	2.0	2.1
Overall average monthly property management fees	1.8	2.1	2.2

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

The increases in the average monthly property management fees for property management services charged on properties developed by Dexin Group during the Track Record Period were primarily because we were able to charge higher property management fees for new properties delivered for our management in a following period. The increases in the average monthly property management fees charged on properties developed by independent third-party property developers during the Track Record Period were primarily due to our enhanced brand reputation which allowed us to better compete with other property management companies and charge higher property management fees.

Payment and Credit Terms

We may charge property management fees on an annual, quarterly or monthly basis, depending on the terms of our property management service agreements. Property owners, residents and developers can prepay the fees for property management services at the beginning of the year according to the terms of our property management service agreements or pay upon our issuance of a demand note which, according to CIA, is consistent with the property management industry norm in the PRC. We typically do not grant credit terms to property owners for the property management fees we charge. We primarily accept payments for property management fees through bank transfers, online payments and cash.

To facilitate the timely collection of property management fees and other payments, we may call property developers, property owners and residents or send payment reminders to them in writing on a monthly basis. In relation to the collection of outstanding property management fees, we remind our customers of the outstanding amount by sending demand notes to such customers. If the outstanding fees remain unpaid after the original due date, we may issue a demand letter in written form against such customer to claim the outstanding amounts. Concurrently, we will at least issue one demand letter every year to ensure that we fulfill requirements under PRC statutes of limitations, which impose a three-year deadline by which we may sue for outstanding property management fees. For more information on our trade receivables and related risks thereof, see "Financial Information—Description of Certain Consolidated Balance Sheet Items—Trade Receivables" and "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, residents and/or property developers and as a result incur impairment losses on our trade receivables" in this prospectus.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

We offer a series of value-added services to non-property owners, which primarily include property developers. These services include (i) sales office management services; (ii) preliminary planning and design consultancy services; (iii) property inspection and repair services; and (iv) commercial consulting services. The following table sets forth a breakdown of our revenue from value-added services to non-property owners by service type for the years indicated, both in absolute amount and as a percentage of our revenue from value-added services to non-property owners:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Sales office management services	70,734	81.8	86,993	62.3	89,571	50.1
Preliminary planning and design consultancy services	12,697	14.7	37,976	27.2	68,129	38.1
Property inspection and repair services	2,983	3.5	14,615	10.5	13,205	7.4
Commercial consulting services	–	–	–	–	7,876	4.4
Total	**86,414**	**100.0**	**139,584**	**100.0**	**178,781**	**100.0**

Sales Office Management Services

We may be contracted by property developers at an early stage of property development to provide sales office management services. Our sales office management services mainly include assistances provided to sales offices of property developers in conducting their property sales, such as providing reception, cleaning and security services at the sales offices. Our services are designed to ensure the security and smooth operations of sales offices and display units. We typically charge property developers a fixed service fee on a cost-plus basis.

We enter into a service agreement with the property developer for such services, and the agreement generally has a fixed term. However, upon mutual consent, the service agreement can also be terminated when the property developer notifies us that our services are no longer required. We typically charge property developers a fixed service fee based on a variety of factors, such as the number of service staff required, the GFA of sales office and display units, the service standards and administrative expenses involved. We generally provide our sales office management services through our employees.

In 2018, 2019 and 2020, our revenue from sales office management services represented 81.8%, 62.3% and 50.1%, respectively, of our revenue from value-added services provided to non-property owners.

Preliminary Planning and Design Consultancy Services

We provide preliminary planning and design consultancy services to property developers to address their needs at different stages of their business operations. At the construction planning stage, we review property developers' construction blueprints and offer recommendations from a property management perspective, such as advice on security, energy conservation and fire safety. During the construction stage, we provide on-site assistance to property developers to help them implement recommendations raised during the planning stage and identify any quality issues that need to be fixed from a property management perspective. We also inspect key milestones of construction processes to ensure compliance with original design and relevant construction regulation. Before delivery, we provide our assessment and recommendations collected before delivery to property management companies to help them provide quality property management services to property owners and residents. We generally enter into separate agreements with property developers for our preliminary planning and design consultancy services.

We charge a fixed fee per sq.m. to be delivered or an agreed capped fee for our preliminary planning and design consultancy services. In 2018, 2019 and 2020, our revenue from preliminary planning and design consultancy services represented 14.7%, 27.2% and 38.1%, respectively, of our revenue from value-added services provided to non-property owners.

Property Inspection and Repair Services

We may be employed by property developers to conduct quality check on space and construction quality during the construction stage or before delivery. We conduct quality checks for each unit within the property based on relevant corporate guidance and governmental regulations, assess any quality issues, report to property developers and conduct follow-up visits to ensure compliance with applicable delivery standards. Leveraging our experience on compliance requirements, we also possess repair and maintenance capacity to help property owners meet their compliance obligations. Therefore, as part of our property inspection and repair services, property developers can also engage us for repair and maintenance services when they fail to meet the required delivery standards.

We also offer repair and maintenance services to property developers during the post-delivery warranty periods as property developers may engage us to fulfill their obligations under the warranty. Our property inspection and repair services reduce complaints filed after delivery because we are able to identify and fix any quality issues in advance. As a result, our property inspection and repair services enhance the brand image of property developers and improve the satisfaction of property owners.

In 2018, 2019 and 2020, our revenue from property inspection and repair services represented 3.5%, 10.5% and 7.4%, respectively, of our revenue from value-added services provided to non-property owners, respectively.

Commercial Consulting Services

We introduced commercial consulting services in the second half of 2020 where we provide consulting services to operators of commercial complexes and serviced apartments from property management and operation perspectives.

Our commercial consulting services to commercial complexes include: (i) market research and analysis from marketing and positioning perspectives; (ii) tenant sourcing services utilizing our large retail merchants database; and (iii) opening preparation services to ensure the smooth commencement of operation of commercial complexes. Our commercial consulting services to serviced apartments include conducting market research, formulizing marketing strategy, providing interior decoration designing services and formulating standardized management procedures. As of the Latest Practicable Date, we entered into commercial consulting service agreements for four commercial complexes and 35 serviced apartments, among which we had commenced providing services to two commercial complexes and 35 serviced apartments, respectively.

In 2020, our revenue from commercial consulting services represented 4.4% of our revenue from value-added services provided to non-property owners.

COMMUNITY VALUE-ADDED SERVICES

We offer a wide variety of community value-added services to property owners and residents to make their lives more convenient and to foster a sense of community and belonging. Customers of our community value-added services primarily include property owners and residents and property developers. These services primarily include (i) smart community solutions; (ii) property sales and assistance services; (iii) common area value-added services; (iv) clubhouse services; (v) home decoration services; and (vi) community retail and home services. The following table sets forth a breakdown of our revenue from community value-added services by service type for the years indicated, both in absolute amount and as a percentage of revenue from community value-added services:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Smart community solutions	12,333	28.8	22,087	34.9	49,216	34.4
Property sales and assistance services	–	–	9,714	15.4	50,437	35.2
Common area value-added services	6,952	16.2	9,588	15.2	16,324	11.4
Clubhouse services	13,392	31.3	12,555	19.9	12,373	8.6
Home decoration services	10,143	23.7	9,029	14.3	6,351	4.4
Community retail and home services	–	–	217	0.3	8,422	6.0
Total	**42,820**	**100.0**	**63,190**	**100.0**	**143,123**	**100.0**

Smart Community Solutions

We offer smart community solutions to property developers of both residential and non-residential properties by providing customized software that addresses their specific needs in property management. We also sell the hardware and equipment necessary for the software package to function properly in the relevant properties under management. In addition, we provide repair and maintenance services and charge relevant maintenance fees. Hardware and equipment used in smart community solutions primarily include different entrance terminals equipped with facial recognition programs. We are primarily responsible for designing such hardware and equipment and procurement of raw materials. We outsource the manufacturing process to subcontractors to optimize our cost structure. In respect of comprehensive smart community solutions, we are responsible for the design, development, testing and upgrades of our software and programs used in smart community solutions and own relevant patents and software copyrights.

We started to sell smart hardware such as entrance terminals with facial recognition programs to property developers in 2015. Since then, we have been dedicated to developing smart community solutions that cater to the evolving needs of a smart community and the management of such community. In early 2020, we started to offer comprehensive smart community solutions that integrate various aspects of community management, including, among other things, visitor management, traffic control, carpark management, security control, energy conservation and fire control capabilities, leveraging data analysis and processing capability. Our smart community solutions are automated, intelligent and technology-driven programs that allow users to manage properties in a smart way using technologies and resources on data analysis, data processing and artificial intelligence. Our smart community solutions consist of, among other things, (i) a facial recognition program that provides residents and visitors with quick and easy access to properties in a safe, touchless manner; (ii) a building management system that connects various sensors together through our comprehensive smart community solutions, allowing property managers to collect real-time, detailed information about a building's energy consumption and to adopt load-shedding schedules to reduce energy demand actively and strategically; (iii) a traffic management module that differentiates long-term carpark space owners from visitors through car plate recognition and provides access accordingly; and (iv) a progress control module that monitors the status of customers' service requests, such as repair and maintenance requests, and alerts supervising personnel accordingly. Moreover, in non-residential properties such as commercial complexes, property management companies can use smart community solutions to further analyze tenant profiles and customer flows to assist property management companies in providing targeted services to property and business owners, addressing their business operation needs. As advised by our PRC Legal Advisors, we do not need to obtain any license or permit for smart community solutions because pursuant to the relevant PRC laws and regulations, including but not limited to the Administrative License Law, there is no administrative license or permit required for the provision of the above smart community solutions.

The data processing capability of the smart community solutions provides property developers and property management companies meaningful data analysis for their decision-making process. For instance, property developers and property management companies can design customized value-added services addressing the specific needs of property owners and residents based on such analysis.

In 2018, 2019 and 2020, our revenue from smart community solutions accounted for 28.8%, 34.9% and 34.4%, respectively, of our revenue from community value-added services. We believe smart community solutions will drive our growth in the foreseeable future, and we intend to devote more financial and management resources to further develop and expand this business line.

Clubhouse Services

We provide clubhouse services through Hangzhou Rongyun including offering catering services and conference services. In addition, we also sell customized gifts to our customers during holiday seasons.

In 2018, 2019 and 2020, our revenue from clubhouse services represented 31.3%, 19.9% and 8.6%, respectively, of our revenue from community value-added services.

Home Decoration Services

We provide home decoration services where we provide customized home decoration services from interior design to purchase and installation of furniture and home appliances. We initially provided decoration related services where we assisted third-party decoration service providers in promoting their services to home owners. To meet the increasing demand for furnishing services, we began to focus on providing furnishing services, namely, interior design and purchase and installation of furniture and home appliances starting from the second half of 2019. Currently, we provide such services under two models: (i) we connect third-party vendors of furniture, home appliances and accessories with property owners and residents of our managed properties for a turnkey furnishing package that creates a move-in ready residence, for which we charge commission from third-party vendors; or (ii) we provide interior decoration design, purchase and install furniture, home appliances and accessories on property owners' and residents' behalf according to their preferences and budget and charge the property owners and residents for service costs on top of the costs of the products purchased. We generally enter into separate agreements with property owners and residents, which set out the specific arrangements including completion dates and general descriptions of the products and services provided by us.

In 2018, 2019 and 2020, our revenue from home decoration services represented 23.7%, 14.3% and 4.4%, respectively, of our revenue from community value-added services.

Property Sales and Assistance Services

We provide property sales and assistance services to property developers and property owners. During the Track Record Period, we engaged in carpark sales services where we purchased carpark spaces from property developers and resold them to property owners and residents. We sold out all of our carpark spaces as of September 30, 2020. We upgraded our service model in late 2020. Instead of purchasing carpark spaces and subsequently selling them to property owners and residents, we adopted an asset-light commission-based sales assistance service model where we assist property developers in marketing their real estate properties to property owners and residents living in properties under our management. We generally receive a fixed amount or percentage of contract price as our commission. We plan to devote more resources to such commission-based model going forward. Under the new commission-based model, we recognize commission as revenue whereas under the purchase-and-resell model, we recognize the sales amount of a carpark space as revenue and the purchase price for such carpark space as costs when the carpark space is sold. As a result, our revenue could potentially decrease. However, as we no longer recognize costs for purchase of carpark spaces under the commission-based model, our costs will decrease and gross profit margin will increase as compared to those under the purchase-and-resell model.

To the best of our knowledge and information, historically, Dexin Group did not engage other property agents to sell the unsold carpark spaces. Dexin Group typically closed its sales office after a significant portion of properties for a project was sold and delivered and may have some carpark spaces unsold. As property owners typically move to new properties within a period of time after the initial delivery and purchase carpark spaces after moving in, we, as the property management service provider, identified this service demand and found an opportunity to diversify our community value-added services in 2019, leveraging our community resources and relationships with property owners. In 2019, we initially adopted the purchase-and-resell model for carpark sales services. In the four quarter of 2020, we decided to adopt an asset-light model which does not involve substantial upfront costs in purchasing carpark spaces so that we can better utilize our cash and financial resources. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue—Revenue from Community Value-added Services" for more details.

Furthermore, to the best of our knowledge and information, Dexin Group previously engaged other property agents to sell its serviced apartments before engaging us to provide such services. The service fees charged by the Group are similar to those charged by other property agents, both of which are calculated at a commission rate of approximately 4.5% of the sales proceeds of the serviced apartments sold. Taking into account our familiarity with the serviced apartments of Dexin Group as we were engaged to provide property management services to the sales office of the serviced apartments, our experience and capacity in the provision of property sales assistance services to properties jointly developed by Dexin Group and other property developers, our relatively large and stable customer base, access to the property owners or residents in the properties under our management and the better understanding on the housing demand from such property owners or residents, we decided to provide sales assistance services to serviced apartments developed or held by Dexin Group.

As advised by our PRC Legal Advisors, pursuant to the Guiding Opinions of the General Office of the State Council on Accelerating the Advancement of the Reform of "Integrating Certificates into One" (《國務院辦公廳關於加快推進"多證合一"改革的指導意見》) promulgated on May 5, 2017, and the relevant PRC laws and regulations, no separate permit will be issued for the provision of property sales and assistance services and the scopes of such services are required to be included in the business scope set forth in the business license. Our PRC Legal Advisors are of the view that the business scopes as specified in the business licenses of our subsidiaries in the PRC have already covered such services and thus no other licenses or permits are required to be obtained by the Group separately.

In 2019 and 2020, our revenue from property sales and assistance services represented 15.4% and 35.2%, respectively, of our revenue from community value-added services, respectively.

Common Area Value-Added Services

We provide property owners with value-added services such as assisting property owners in leasing common spaces and public facilities to third parties in exchange for a pre-determined percentage of the rental fees as our commissions. Such common spaces and public facilities include advertising spaces in basements, elevators and outer walls, carpark spaces for temporary parking and the unused office spaces. We generate revenue by receiving an agreed percentage of rental fees as our commissions. We enter into separate agreements with service buyers in relation to such services.

In 2018, 2019 and 2020, our revenue from common area value-added services represented 16.2%, 15.2% and 11.4%, respectively, of our revenue from community value-added services.

Community Retail and Home Services

We provide various online and offline community retail and home services to address the evolving needs of property owners and residents to make the lives of our property owners and residents more comfortable and convenient. We started to provide such services in the second half of 2019.

Centering around the needs of property owners and residents, our retail services provide property owners and residents various groceries, seasonal products and other daily necessities we purchased from pre-screened independent merchants. We also provide cleaning and repair and maintenance to property owners and residents.

We provide such services through our subsidiary, Hangzhou Julin. Hangzhou Julin holds Food Business Operation License (食品經營許可證). We purchase relevant products from services providers and merchants and resell the purchased products to customers at a premium. Property owners and residents can order services or products offline through telephone calls or our butlers or online through our Julin (桔鄰) WeChat mini program. We also set up warehouses in our communities to provide door-to-door delivery.

In 2019 and 2020, our revenue from community retail and home services represented 0.3% and 6.0%, respectively, of our revenue from community value-added services.

RELATIONSHIP WITH DEXIN GROUP

Overview

We have a long and close cooperation relationship with Dexin Group. We started our business in 2004 by providing property management services to properties developed by Dexin Group. During the Track Record Period, we provided property management services to properties developed by Dexin Group and properties jointly developed by Dexin Group. We also provided value-added services to non-property owners and community value-added services to Dexin Group and its joint ventures and associates. Dexin Group (and its joint ventures and associates) was our largest customer during the Track Record Period. According to CIA, it is an industry norm that property management service providers have a close business relationship with their affiliated property developers.

Given our long and close relationship with Dexin Group, we are familiar with its specific requirements and expected deliverables. We have provided quality services, which we believe have helped enhance the brand image of Dexin Group and the value of their property projects. Our Directors are of the view that our relationship with Dexin Group is mutually beneficial and complementary.

Having considered (i) our long-standing cooperation relationship with Dexin Group; (ii) our familiarity with Dexin Group's requirements and our capability to provide quality services; and (iii) the mutual benefits for both Dexin Group and us to maintain such reciprocal relationship, our Directors are of the view that the current relationship between Dexin Group and us is unlikely to be materially adversely changed or terminated. We expect to continue to provide services to Dexin Group and its joint ventures and associates and with respect to properties developed by them, and derive revenue therefrom.

Services Provided to Dexin Group

During the Track Record Period, we provided property management services, value-added services to non-property owners and community value-added services to Dexin Group and its joint ventures and associates. The following table sets forth a breakdown of our revenue and gross profit margin by business line and type of customer for the years indicated:

	Year ended December 31,								
	2018			2019			2020		
	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin
	(RMB in thousands, except for percentages)								
Property management services									
Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu[(1)]	5,411	1.3	21.8%	8,358	1.7	25.7%	11,250	1.6	31.2%
Independent Third Parties	263,188	66.2	19.8%	301,718	58.8	22.8%	359,165	51.9	26.2%
Subtotal	268,599	67.5	19.8%	310,076	60.5	22.9%	370,415	53.5	26.3%
Value-added services to non-property owners									
Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu[(1)]	56,060	14.1	36.9%	108,739	21.2	39.4%	144,079	20.8	42.7%
Independent Third Parties	30,354	7.6	29.3%	30,845	6.0	39.5%	34,702	5.0	38.9%
Subtotal	86,414	21.7	34.2%	139,584	27.2	39.4%	178,781	25.8	42.0%
Community Value-added services									
Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu[(1)]	5,283	1.4	31.3%	15,985	3.1	36.6%	60,430	8.8	59.1%
Independent Third Parties	37,537	9.4	28.4%	47,205	9.2	27.6%	82,693	11.9	33.2%
Subtotal	42,820	10.8	28.8%	63,190	12.3	29.9%	143,123	20.7	44.2%
Total	**397,833**	**100.0**	**23.9%**	**512,850**	**100.0**	**28.3%**	**692,319**	**100.0**	**34.1%**

Note:

(1) Include other entities controlled by Mr. Hu, from which, we derived RMB0.6 million, RMB0.8 million and RMB1.7 million from property management services, RMB0.4 million, RMB1.0 million and RMB13.2 million from value-added services to non-property owners, and RMB0.2 million, RMB0.1 million, and RMB1.0 million from community value-added services, in 2018, 2019 and 2020, respectively.

The increases in revenue from Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu as a percentage of our total revenue from 16.8% in 2018 to 26.0% in 2019 and further to 31.2% in 2020 were primarily due to (i) increases in revenue derived from value-added services to non-property owners provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu primarily as a result of increases in revenue from preliminary planning and design consultancy services and property inspection and repair services driven by increases in the number of properties for which we provided such services; and (ii) increases in revenue from community value-added services provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu primarily as a result of increases in revenue derived from smart community solutions and property sales and assistance services.

Gross profit margin of property management services. During the Track Record Period, the gross profit margins of property management services provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu were relatively higher compared to the gross profit margins of property management services provided to Independent Third Parties because the average property management fee for property management services provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu was relatively higher than that of Independent Third Parties. Our average property management fee for property management services provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu was approximately RMB2.1 per sq.m., RMB2.3 per sq.m. and RMB2.3 per sq.m., respectively, in 2018, 2019 and 2020 while our average property management fee for property management services provided to Independent Third Parties was approximately RMB1.8 per sq.m., RMB2.1 per sq.m. and RMB2.2 per sq.m., respectively, in 2018, 2019 and 2020. Moreover, Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu, as property developers, were typically responsible for paying property management service fees for unsold property units at newly delivered properties and the property management fees were generally relatively high in newly developed projects. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

Gross profit margin of value-added services to non-property owners. The gross profit margin of value-added services to non-property owners provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu was relatively high in 2018 primarily because we provided preliminary planning and design consultancy services mainly to such customers and such services had relatively high gross profit margin. The gross profit margin of value-added services to non-property owners provided to Independent Third Parties increased from 2018 to 2019 primarily because we provided preliminary planning and design consultancy services to an increasing number of properties developed by Independent Third Parties in 2019. The gross profit margin of value-added services to non-property owners provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu increased from 2019 to 2020 primarily due to the commencement of commercial consulting services in 2020 and commercial consulting services had relatively high gross profit margin. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

Gross profit margin of community value-added services. During the Track Record Period, the gross profit margins of community value-added services provided to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu were higher compared to the gross profit margins of community value-added services provided to Independent Third Parties primarily because we provided smart community solutions mainly to Dexin Group and its joint ventures and associates and smart community solutions generally had relatively high profit margin. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

The following table sets forth a breakdown of our revenue by type of property developer for the years indicated:

	Year ended December 31,								
	2018			2019			2020		
	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin	Revenue	%	Gross Profit Margin
	(RMB in thousands, except for percentages)								
Property management services									
Properties developed by Dexin Group[(1)]	59,539	15.0	21.2%	78,656	15.3	23.2%	98,822	14.3	27.7%
Jointly developed properties[(2)]	10,540	2.6	19.5%	21,853	4.3	22.4%	54,997	7.9	28.2%
Properties developed by Dexin Group and jointly developed properties	70,079	17.6	21.0%	100,509	19.6	23.0%	153,819	22.2	27.9%
Properties developed by independent third-party property developers[(3)]	198,520	49.9	19.4%	209,567	40.9	22.9%	216,596	31.3	25.2%
Subtotal	268,599	67.5	19.8%	310,076	60.5	22.9%	370,415	53.5	26.3%
Value-added services to non-property owners									
Properties developed by Dexin Group[(1)]	32,883	8.3	39.2%	51,452	10.0	39.9%	83,127	12.0	41.0%
Jointly developed properties[(2)]	23,177	5.8	33.5%	57,287	11.2	38.9%	60,952	8.8	45.1%

	Year ended December 31,								
	2018			2019			2020		
	Revenue	**%**	**Gross Profit Margin**	**Revenue**	**%**	**Gross Profit Margin**	**Revenue**	**%**	**Gross Profit Margin**
	(RMB in thousands, except for percentages)								
Properties developed by Dexin Group and jointly developed properties	56,060	14.1	36.9%	108,739	21.2	39.4%	144,079	20.8	42.7%
Properties developed by independent third-party property developers(3)	30,354	7.6	29.3%	30,845	6.0	39.5%	34,702	5.0	38.9%
Subtotal	86,414	21.7	34.2%	139,584	27.2	39.4%	178,781	25.8	42.0%
Community Value-added services									
Properties developed by Dexin Group(1)	8,317	2.1	28.4%	18,243	3.7	29.8%	51,527	7.5	32.8%
Jointly developed properties(2)	4,185	1.1	26.9%	17,570	3.3	29.4%	56,141	8.1	59.1%
Properties developed by Dexin Group and jointly developed properties	12,502	3.2	27.9%	35,813	7.0	29.6%	107,668	15.6	46.5%
Properties developed by independent third-party property developers(3)	30,318	7.6	29.1%	27,377	5.3	30.3%	35,455	5.1	37.0%
Subtotal	42,820	10.8	28.8%	63,190	12.3	29.9%	143,123	20.7	44.2%
Total	**397,833**	**100.0**	**23.9%**	**512,850**	**100.0**	**28.3%**	**692,319**	**100.0**	**34.1%**

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

The increases in revenue from properties developed by Dexin Group and jointly developed properties as a percentage of our total revenue from 34.9% in 2018 to 47.8% in 2019 and further to 58.6% in 2020 were primarily due to (i) increases in revenue derived from property management services as a result of increases in the number of properties delivered for our management which were solely or jointly developed by Dexin Group; (ii) increases in revenue from value-added services to non-property owners provided to properties developed by Dexin Group and jointly developed properties as a result of increases in preliminary planning and design consultancy services and property inspection and repair services provided with respect to such properties; and (iii) increases in revenue from community value-added services provided to properties developed by Dexin Group and jointly developed properties as a result of increases in smart community solutions and property sales and assistance services provided with respect to such properties.

Gross profit margin of property management services. Our gross profit margin for property management services for properties developed by Dexin Group increased from 21.2% in 2018 to 23.2% in 2019 primarily due to an increase in average monthly property management fees for newly delivered properties under our management, together with improved efficiency as a result of cost control measures and economies of scale. Our gross profit margin for property management services for properties developed by Dexin Group further increased from 23.2% in 2019 to 27.7% in 2020 primarily because, in addition to the increase in average monthly property management fees, we implemented a series of measures, including the use of various information technology systems, to improve operational efficiency. Our gross profit margin for property management services for jointly developed properties increased from 19.5% in 2018 to 22.4% in 2019, and further to 28.2% in 2020 primarily because we managed an increasing number of commercial complexes and office buildings jointly developed by Dexin Group. Our gross profit margin for property management services for properties developed by independent third-party property developers increased from 19.4% in 2018 to 22.9% in 2019, and further to 25.2% in 2020. Such increases were primarily due to an increase in average monthly property management fees for newly delivered properties under our management, together with economies of scale and our cost control measures to improve efficiency. See “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin.”

Gross profit margin of value-added services to non-property owners. The gross profit margin of value-added services to non-property owners with respect to properties developed by Dexin Group was higher in 2018 primarily because we provided preliminary planning and design consultancy services mainly to properties developed by Dexin Group in 2018 and such services had relatively high profit margin. The gross profit margin of value-added services to non-property owners with respect to jointly developed properties and properties developed by Independent Third Parties increased from 2018 to 2019 primarily because we provided preliminary planning and design consultancy services to an increasing number of properties in 2019. The gross profit margins of value-added services to non-property owners with respect to properties developed by Dexin Group and jointly developed properties were higher that of Independent Third Parties in 2020 primarily because (i) the gross profit margin of preliminary planning and design consultancy services for properties developed by independent third-party property developers was relatively lower than that developed Dexin Group because we strategically improved the service quality of preliminary planning and design consultancy services provided with respect to properties developed by independent third-party property developers in order to obtain more property management services agreements from such parties, which resulted in relatively higher costs; and (ii) to a less extent, we started to provide commercial consulting services to properties developed by Dexin Group and jointly developed properties in 2020. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

Gross profit margin of community value-added services. The gross profit margin of community value-added services provided with respect to properties developed by independent-third party property developers was generally in line with that with respect to properties developed by Dexin Group. The gross profit margin of community value-added services provided with respect to jointly developed properties was higher in 2020 primarily because we sold a large number of smart community solutions to be applied to such properties in 2020 and smart community solutions had relatively high gross profit margin. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin."

Purchases from Dexin Group

During the Track Record Period, our purchases from Dexin Group mainly consisted of carpark spaces we purchased under our property sales and assistance services. We had sold all of our carpark spaces purchased as of September 30, 2020.

OUR BRANDS

We market our services under mainly three brands, namely, Dexin Shengquan Service (德信盛全服务), Dexin Property (德信物業) and Dexin Life (德信生活), and each is catered to a specific customer group. The brands are designed to indicate the expected scope and standards of services provided. We believe that these brands help us provide unified and clear messages about the type and level of services that we offer and enable us to maximize our market share by leveraging this differential positioning strategy to attract different customer groups.

- *"Dexin Shengquan Service (德信盛全服务)."* Our "Dexin Shengquan Service" brand is our main brand and highlights our close cooperation and synergies with Dexin Group;

- *"Dexin Property (德信物業)."* Our "Dexin Property" brand is a brand for our business line that targets high-end properties developed by Dexin Group and other properties such as office buildings and commercial complexes. We provide a premium service that addresses the specific needs of property developers or owners of such properties and charge higher fees for services provided under "Dexin Property" brand; and

- *"Dexin Life (德信生活)."* Our "Dexin Life" brand promotes our value-added services such as community retail and home services, property sales and assistance services and commercial consulting services.

SALES AND MARKETING

Our investment development center is primarily responsible for planning and developing our overall marketing strategies, conducting market research, coordinating our sales and marketing activities to acquire new customers and maintain and strengthen our relationships with existing customers. Our headquarters manage our overall sales and marketing strategies, while our regional subsidiaries oversee the implementation of our sales and marketing activities within their respective regions. In addition to maintaining long-term relationships with our major customers, we also endeavor to expand our cooperation with independent third-party property developers. To secure engagements from third-party developers, we have adopted a market orientation approach pursuant to which we prioritized identifying market demands and creating services to meet such demands. We have also invested a significant amount of resources and set up dedicated investment and expansion departments at headquarters and regional level to execute our expansion strategy.

In 2018, 2019 and 2020, our sales and marketing expenses amounted to RMB2.9 million, RMB6.5 million and RMB7.9 million, respectively.

CUSTOMERS

Overview

Our customer base primarily consists of property developers, property owners, residents, operators of commercial complexes, serviced apartments and other non-residential properties, such as schools and hospitals. We assess prospective customers by evaluating key factors such as estimated costs involved with property management, historical fee collection rates, projected profitability as well as whether the property was previously managed on a lump sum or commission basis. We typically do not grant credit terms to property owners for the property management fee we charge. For value-added services to non-property owners and community value-added services, we may grant credit term to our customers pursuant to the terms of the relevant agreements, depending on the type of services we provide. The credit term (if any) generally ranges from 30 to 180 days for value-added services to non-property owners and ranges from 7 days to 15 days for community value-added services.

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

Business Lines	Major Customers
Property management services	Property developers, property owners and operators of public properties such as schools and hospitals
Value-added services to non-property owners	Property developers and operators of commercial complexes and serviced apartments
Community value-added services	Property developers, property owners and residents

In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB97.7 million, RMB168.6 million and RMB237.7 million, respectively, accounting for 24.6%, 32.9% and 34.3%, respectively, of our total revenue for the same years. During the Track Record Period, our largest customer was Dexin Group (and its joint ventures and associates), to whom we provided property management services and value-added services. In 2018, 2019 and 2020, revenue generated from our services provided to Dexin Group (and its joint ventures and associates) amounted to RMB65.6 million, RMB131.2 million and RMB199.9 million, respectively, accounting for 16.5%, 25.6% and 28.9%, respectively, of our total revenue for the same years. We have established ongoing business relationships with our five largest customers for the Track Record Period for more than six years on average. Other than Dexin Group (and its joint ventures and associates), our customers during the Track Record Period were all Independent Third Parties. None of our five largest customers during the Track Record Period was our five largest suppliers, other than Dexin Group (and its joint ventures and associates). See "Connected Transactions," "Relationship with Our Controlling Shareholders" and "Risk Factors—Risks Relating to Our Business and Industry—A large portion of our revenue is generated from services provided with respect to properties developed by Dexin Group and its joint ventures and associates, which we do not have control over" in this prospectus for more information.

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.

Our Five Largest Customers

2018:

Ranking	Customer	Background	Major services provided	Commencement of business relationship	Revenue	Percentage of our total revenue
					RMB'000	*%*
1.	Dexin Group (and its joint ventures and associates)[1]	Property developer	Property management service/value-added services to non-property owners/community value-added services	2005	65,593	16.5
2.	Customer A	Property developer	Property management service	2016	10,890	2.7
3.	Customer B	Hospital	Property management service	2016	7,861	2.1
4.	Customer C	Hospital	Property management service	2015	7,336	1.8
5.	Customer D	Property developer	Property management service/value-added services to non-property owners	2016	6,032	1.5

2019:

Ranking	Customer	Background	Major services provided	Commencement of business relationship	Revenue	Percentage of our total revenue
					RMB'000	*%*
1.	Dexin Group (and its joint ventures and associates)[1]	Property developer	Property management service/value-added services to non-property owners/community value-added services	2005	131,226	25.6
2.	Customer B	Hospital	Property management service	2016	10,900	2.1
3.	Customer A	Property developer	Property management service	2016	9,712	2.0
4.	Customer C	Hospital	Property management service	2015	8,446	1.6
5.	Customer E	Property developer	Property management service/value-added services to non-property owners	2015	8,330	1.6

2020:

Ranking	Customer	Background	Major services provided	Commencement of business relationship	Revenue	Percentage of our total revenue
					RMB'000	*%*
1.	Dexin Group (and its joint ventures and associates)[1]	Property developer	Property management service/value-added services to non-property owners/community value-added services	2005	199,865	28.9
2.	Customer A	Property developer	Property management service	2016	11,477	1.7
3.	Customer D	Property developer	Property management service/value-added services to non-property owners	2016	9,375	1.4
4.	Customer F	Sales assistance agent	Community value-added services	2020	9,242	1.3
5.	Customer G	Real estate agent	Community value-added services	2020	7,714	1.0

Note:

(1) Dexin Group (and its joint ventures and associates), a property developer, was also one of our five largest suppliers in 2019 and 2020 and sold carpark spaces to us. The carpark spaces sold to us by Dexin Group were not related to the other services we provided to Dexin Group. In 2019 and 2020, our purchase from Dexin Group amounted to RMB20.9 million and RMB11.0 million, respectively.

SUPPLIERS

Overview

During the Track Record Period, our suppliers were primarily (i) subcontractors located in the PRC which provide security, cleaning, greening and repair and maintenance services; and (ii) a property developer which sold us carpark spaces. We outsource certain security, cleaning and greening services to lower our cost of sales and improve our service quality. We believe that such subcontracting arrangements allow us to leverage the human resources and technical expertise of our subcontractors, reduce our labor costs and enhance our overall profitability. In 2018, 2019 and 2020, our subcontracting costs (representing security, cleaning and greening costs) amounted to RMB147.3 million, RMB186.0 million and RMB224.3 million, respectively, accounting for 48.7%, 50.5% and 49.1%, respectively, of our total cost of sales for the same years. For a sensitivity analysis in relation to changes in subcontracting costs, please refer to "Financial Information—Key Factors Affecting Our Results of Operations—Ability to Manage Staff and Subcontracting Costs." During the Track Record Period, we did not experience any material delay, supply shortages or disruptions in our operations relating our suppliers, or any material product claims attributable to our suppliers.

In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB93.1 million, RMB141.6 million and RMB138.6 million, respectively, accounting for 48.7%, 56.2% and 43.0% of our total purchases for the same years, respectively. In 2018, 2019 and 2020, our purchases from our largest supplier amounted to RMB69.9 million, RMB82.7 million and RMB88.2 million, respectively, accounting for 36.6%, 32.8% and 27.3%, respectively, of our total purchases. Our Directors confirm that our Group placed no reliance on our largest supplier because substitute suppliers with comparable quality and price are readily available. As advised by CIA, there are sufficient number of companies providing security services in the Yangtze River Delta Region, and therefore it would not be difficult for our Group to find substitute suppliers with comparable quality and price. Other than Dexin Group (and its joint ventures and associates), all of our five largest suppliers during the Track Record Period were Independent Third Parties.

As of the Latest Practicable Date, save for otherwise disclosed in this prospectus, 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.

Our Five Largest Suppliers

2018:

Rank	Supplier	Major services/products purchased	Commencement of business relationship	Transaction amount	Percentage of total purchases
				RMB'000	%
1.	Supplier A	Security services	2015	69,889	36.6
2.	Supplier B	Cleaning services	2016	10,715	5.6
3.	Supplier C	Cleaning services	2012	5,024	2.6
4.	Supplier D	Maintenance services	2015	3,932	2.0
5.	Supplier E	Security services/cleaning services	2018	3,581	1.9

2019:

Rank	Supplier	Major services/products purchased	Commencement of business relationship	Transaction amount	Percentage of total purchases
				RMB'000	%
1.	Supplier A	Security services	2015	82,722	32.8
2.	Supplier B	Cleaning services	2016	22,052	8.8
3.	Dexin Group (and its joint ventures and associates)	Carpark spaces	2019	20,890	8.3
4.	Supplier E	Security services/cleaning services	2018	8,774	3.5
5.	Supplier F	Security services	2018	7,182	2.8

2020:

Rank	Supplier	Major services/products purchased	Commencement of business relationship	Transaction amount	Percentage of total purchases
				RMB'000	*%*
1.	Supplier A	Security services	2015	88,191	27.3
2.	Supplier B	Cleaning services	2016	25,766	8.0
3.	Dexin Group (and its joint ventures and associates)	Carpark spaces	2019	11,013	3.4
4.	Supplier G	Cleaning services	2018	7,028	2.2
5.	Supplier E	Security services/ cleaning services	2018	6,622	2.1

Our five largest suppliers generally grant us credit terms around 30 days. We do not have any long-term agreements with our five largest suppliers. We typically enter into one-year agreements with our suppliers and renew them on an annual basis. Payments to suppliers are typically settled by month via bank transfers.

Subcontracting

We delegate certain labor-intensive and specialized services, primarily including security, cleaning and greening, to subcontractors, which enables us to reduce our operating costs, improve service quality and dedicate more resources to property management and value-added services. We believe such subcontracting arrangements allow us to leverage the human resources and technical expertise of the subcontractors, reduce our labor costs and enhance the overall profitability of our operations. Depending on the type and standard of service, we select subcontractors through public tender, negotiation or commission.

We aim to create and maintain an effective and comprehensive system for subcontractor management. To ensure the overall quality of our subcontractors, we maintain a list of subcontractors based on our series of assessment standards, including, among other things, the amount of registered capital, length of existence, size of overall operations, industry credentials and past cooperation with us. In general, we set up ad hoc teams responsible for supervising and reviewing the selection, evaluation of our subcontractors and making decisions with respect to the properties in need of subcontractors. We monitor and evaluate our subcontractors. Our management centers or relevant departments for each properties under our management are expected to inspect the work of subcontractors on an annual basis and fill the evaluation forms for record keeping purposes. We will issue rectification notice and deduct contract sum payable if our subcontractors fail to adhere to certain contract obligations. We organize random and periodical meetings to evaluate the subcontractors, grade the subcontractors based on evaluation forms and decide whether to terminate the contractual relationship. We have established internal policies and procedures with respect to subcontractor's prerequisite license and qualifications, our valuation standards, as well as management of complaints received about services provided by our subcontractors.

Key Terms of Our Subcontracting Agreements

Our subcontracting agreements typically include the following key terms:

- *Term*. Such agreements typically have a term of one year and may be renewed by mutual consent. We will consider re-engaging the subcontractors based on the quality of their services and actual circumstances of the agreements.

- *Subcontracting fee.* Subcontracting fee is typically payable monthly or quarterly, including costs incurred in connection with the procurement of raw materials, labor costs, equipment maintenance costs, tax expenses and other miscellaneous costs incurred by the subcontractors.

- *Performance standards*. A subcontracting agreement would set forth the scope and expected standards of the subcontractor's services, including areas to which the subcontracting services relate, frequency for such service and the types of inspections we require.

- *Our rights and obligations*. Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services, which may include, for example, the free use of office facilities. We are generally entitled to collect damages for breach of contract or deduct subcontracting fees if our subcontractors fail to adhere to our performance scope and standards.

- *Rights and obligations of subcontractors*. Our subcontractors are responsible for obtaining all licenses, permits and certificates necessary for conducting their business operations in accordance with applicable laws and regulations. They also undertake to provide their services in accordance with the scope, frequency and standards of quality prescribed in the relevant subcontracting agreements.

- *Risk allocation*. Our subcontractors manage their own employees, with whom we have no employment relationship. Our subcontractors are responsible for purchasing necessary insurance for their own employees and compensating their own employees who suffer damages in the course of providing the contracted services. They are also responsible for damages to, or losses of, any person or property arising out of the default of such subcontractor in the course of providing the contracted services.

- *Procurement of raw materials*. Our subcontractors will generally procure their own tools and other raw materials required for providing their contracted services, unless specified otherwise in the agreement.

- *Termination and renewal*. We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate the agreement if our subcontractors fail to adhere to their rights and obligations, make repeated mistakes, or if we receive multiple genuine complaints from our customers in relation to their services. For those subcontracting agreements that may be renewed, proposals to renew the agreements are generally made in writing 30 days before the agreements expire.

EFFECTS OF THE COVID-19 PANDEMIC

Effects of the COVID-19 Pandemic on Our Business Operations

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was first reported in late 2019 and continues to spread across the PRC and globally. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. To contain the COVID-19 pandemic, the PRC Government has imposed strict measures across the PRC since late January 2020, including lock-down measures across various cities in the PRC, the extended shutdown of business operations, and mandatory quarantine requirements on infected individuals and anyone deemed potentially infected. In addition, the PRC Government and its local counterparts have also adopted various incentive policies to boost the economy, such as cutting taxes, increasing government investment and increasing the amount of currency issued. The combination of fiscal and monetary incentives could ease the negative impact of the COVID-19 pandemic.

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no cases of COVID-19 infection of our staff and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. We are of the view that the COVID-19 pandemic will not have any material adverse impact on our property management services as our GFA under management and contracted GFA continued to increase as of December 31, 2020 as compared to December 31, 2019. From February 2020 and up to the Latest Practicable Date, there were no delays in delivery of properties for property management services we have contracted and we do not expect any delay in delivery of properties for the contracted property management services as a result of the COVID-19 pandemic. Our value-added services to non-property owners and community value-added services, to a lesser extent, have been affected. Since the outbreak of COVID-19 pandemic and up to the Latest Practicable Date, there were delays in the overall property development process and hence our sales office management service and home decoration services were affected. However, the lockdown measures imposed in many regions have also led to residents' increasing reliance on our services to address their daily living needs, which presents us significant opportunities to expand our community retail and home services. In general, we anticipate that the COVID-19 pandemic will not have any material adverse impact on our financial condition and the results of operations.

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 pandemic, given the nature of our business operations, 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 COVID-19 pandemic.

In the very unlikely event that we are forced to reduce or suspend a substantial part of our business operations due to the COVID-19 pandemic, we estimate that our existing financing resources (including cash and cash equivalents) as of December 31, 2020 and the 10% of the proceeds from the Global Offering allocated for general business operations and working capital, and based on the following assumptions, we will remain financially viable for at least 25 months from January 1, 2021. Key assumptions for the above estimates include: (i) we do not generate any cash flow from operating activities; (ii) proceeds of approximately HK$69.5 million, being 10% of the proceeds from Global Offering for general working capital purpose, is expected to be received upon the Listing; (iii) we do not undertake any acquisitions; (iv) future cash outflow only takes into considerations the necessary spending in operations, sales and administrative activities; and (v) the existing trade receivables as of December 31, 2020 will be recovered based on historical settlement pattern.

Our Contingency Plan and Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, we have implemented a contingency plan and adopted enhanced hygiene and precautionary measures across our managed properties, such as (i) measuring the body temperature of personnel entering properties under our management; (ii) regularly disinfecting and maintaining cleanliness of common areas of properties under our management; and (iii) assisting local government in supervising and providing delivery services to households under quarantine. From February 2020 and up to the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced hygiene and precautionary measures of approximately RMB2.6 million. Our Directors believe that the additional costs associated with the enhanced hygiene and precautionary measures, after taking into account the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as deduction of three-month payment of social insurance contributions, would have no significant impact on our financial position for the year ended December 31, 2020.

Effects of the COVID-19 Pandemic on Business Strategies

Currently, it is one of our business strategies to solidify and expand our geographic presence and business in the Yangtze River Delta Region and other cities in the PRC with high growth potential. According to CIA, the COVID-19 pandemic is expected to cause certain short-term economic slowdown across the PRC but it will unlikely affect the regional macroeconomic development and talent recruitment in the long term. We therefore believe that our expansion plan as discussed in "—Business Strategies" is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 pandemic.

INFORMATION TECHNOLOGY

Our Information Technology Systems

In response to demands from property owners and residents and the increasing cost pressure, we have made efforts to optimize our business model and improve our service quality. We have four information technology systems that can be divided into general application for all employees and sector-specific application. Such information technology systems collect and organize data related to the customer request, provision and management of our property management services and community value-added services as well as business decision-making. We have applied the four information technology systems to each level of our companies and operated them through our headquarters.

Our internal information technology systems consist of:

- Three internal control systems: (i) a financial management system through which we track and manage our financial activities; (ii) an office management system which allows us to complete review and approval procedures online; and (iii) a human resources management system through which we manage our human resource.

- One centralized business operation system through which we track and monitor our property management services and value-added services offered at various properties under our management.

Julin (桔鄰) WeChat Mini Program

Our WeChat mini program, Julin (桔鄰), mainly serves as an online shopping platform to support our community value-added services. We utilize Julin (桔鄰) to offer a wide variety of groceries, seasonal products and other daily necessities to owners and residents at properties under our management to address their daily needs. We also set up warehouses at our managed properties to provide door-to-door delivery for property owners or residents who order consumer goods and seasonal groceries through Julin (桔鄰). The transactions are conducted and processed through third-party online payment platforms, and property owners and residents use Julin (桔鄰) free of charge.

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) issued by the State Council which came into effect on September 25, 2000 and was revised on January 8, 2011, internet information services refer to the provision of information to web users through the internet, which can be divided into commercial internet information services and non-commercial internet information services. Entities engaging in providing commercial internet information services shall apply for a license for value-added telecommunication services of internet information services. As for the operations of non-commercial internet information services, only filings with the relevant authority of the PRC Government are required.

As advised by our PRC Legal Advisors, during the Track Record Period, the business conducted by us through Julin (桔鄰) is regarded as "non-commercial internet information services" because we use Julin as a tool to facilitate the provision of our services and we do not sell products or services of third-party suppliers and generate any revenue directly from such online platform in the form of paid internet information services, and therefore, our business operations relating to Julin (桔鄰) are not subject to any foreign investment restriction under the relevant PRC laws and regulations.

Research and Development

Our subsidiary Xier Technology has been dedicated to research and development, in particular, the development of hardware and software programs to be used under our smart community solutions. Our total research and development expenses amounted to RMB2.0 million, RMB1.5 million and RMB1.9 million, respectively, in 2018, 2019 and 2020. Such expenses primarily consist costs incurred in relation to purchases and maintenance of software, and do not cover salaries and benefits for research and development personnel. We also purchased certain raw materials for research and development purposes and such raw materials, together with work in progress and finished products of our smart community solutions, were recognized as inventories. See "Financial Information—Description of Certain Consolidated Balance Sheet Items—Inventories."

Our Technological Initiatives and Automation Efforts

In order to reduce our reliance on manual labor and improve our overall competitiveness, we strive to employ technological solutions and automate our key business operations. We believe that our technological solutions allow us to minimize human error and perform consistently in accordance with our procedures and quality standards. We also launched other technological initiatives and automation efforts during the Track Record Period. For example, we replaced all bulbs in the underground carparks with smart voice-controlled LEDs. As the original lights had to be switched on manually, and each bulb lasts three months on average, we were able to save energy, labor and material costs by implementing this single change. For certain properties under our management, we programed and engineered water fountains which can turn on automatically during daytime hours. We have also utilized technological solutions such as carpark management systems, cleaning vehicles, self-balancing scooters and unmanned drones. Unmanned drones allow us to use smart camera to expand our view of the properties while self-balancing scooters enable our security staff to travel swiftly. Combining use of the two technologies would assist us in detecting and resolving issues on the properties we manage more effectively and efficiently. Furthermore, we have incorporated electronic payment systems into our parking lots and facial recognition technologies into our reception and entry control services.

Procedure Standardization

We have standardized our operating procedures based on the requirements of our ISO9001:2015 certification, including procedures in relation to services such as repair and maintenance, security, cleaning, and procedures in relation to various aspects of our business operations such as cash management, subcontractor selection, customer management, and feedback and complaint management. All of our standardized procedures are laid out in internal guidelines and written operating manuals. We have also standardized certain commercial documents such as tender invitations, supply contracts and service agreements by formulating templates tailored for our daily operational use. We incorporate our service standards and procedures into our training curriculum to ensure that our employees and subcontractors understand and implement such standards when providing services to our customers. For more information, see "—Employees—Training" below.

Additionally, we have set up a centralized management system to monitor compliance with our standardized operating procedures. The centralized management system is located at our headquarters and we operate it 7 days a week and 24 hours a day. It allows us to review, from a centralized location, data collected on properties under our management. This includes the actual conditions of communal areas in properties under our management through footage from surveillance cameras, as well as data on energy consumption, humidity and elevator conditions collected through various sensors and equipment. Our centralized management system assists us in ensuring, as much as possible, that our employees and subcontractors are following our standardized operating procedures. We believe that this is key to maintaining the consistency and quality of our services and for enhancing our brand value and recognition in the long term.

We believe that standardization helps us minimize human error and maintain consistency in service quality across our Group, thereby strengthening our brand value and reputation and laying foundation for our rapid growth during the Track Record Period and our future sustainable growth.

Contingency Plans and Access Management

We have implemented a formal information recovery policy which provides for detailed steps to undertake after experiencing damages to our computer systems. Pursuant to the policy, we are required to purchase new servers and software, as well as undergo a series of installation and testing procedures. We are also required to retrieve the latest recoverable version of data and information and verify its validity before continuing with recovery measures. In terms of daily system management, we have established policies on access management, data maintenance, internet security, among others, to ensure access to our physical server rooms as well as various computer systems is properly authorized. We have also created a series of mechanisms to monitor activities and record on platform access and set a series of parameters which can only be changed by core management personnel.

QUALITY CONTROL

We believe quality control is crucial to our long-term success and future prosperity. We have a professional quality control team, who primarily focuses on maintaining service standards, standardizing service procedures and supervising service quality throughout our operational process. We have established a comprehensive quality control procedure, which includes, (i) a professional quality control team, which consists of one representative from the senior management team, an operation director, a quality control manager, a security manager, a cleaning service manager, a greening service manager, a senior engineer and a customer service manager, to be responsible for implementing and maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes to ensure consistent adherence to such standards; (ii) an internal quality control protocol and standardized service procedures with respect to various matters involved in our daily operations, such as the conditions of the sites or premises where the properties is located, construction work, customer service, safety control and environment protection; and (iii) scheduled or random quality check conducted by follow-up phone calls, recorded video, onsite inspections and reviewing feedback in internal claim report system.

Quality Control of Our Property Management Services

We obtained, among other things, the GB/T 19001-2016/ISO 9001:2015 quality management system certification, the GB/T 24001-2016/ISO 14001:2015 environment management system certification and the GB/T 28001-2011/OHSAS 18001:2007 occupation health and safety management system certification in May 2018. To ensure the effective and consistent delivery of quality services, we have established various procedures and systems to monitor and maintain the quality of our services across all properties under our management:

- *"400" integrated service hotline operated by quality control department.* We set up a "400" service hotline to conduct client satisfaction surveys and follow-up calls every quarter for each property under our management to generate data for further analysis. The quality control team will then analyze the data collected to formulate further recommendations for the relevant region. The relevant region will implement recommendations and provide corresponding feedback.

- *Satisfaction survey*. We engage CIA annually to conduct customer satisfaction survey to assess our service quality for properties under our management. Each regional company also independently conducts its own customer satisfaction surveys and analyzes the result collected each quarter. Moreover, the quality control team at headquarters randomly conducts customer satisfaction survey for different regions on a quarterly and annual basis. According to CIA, our overall satisfaction score was 83.5 out of 100 in 2020.

- *Quality and standard inspection.* We conduct both regular and random quality and standard inspections for our customer services and security services and raise recommendations following such inspections. Each project company is responsible for implementing the recommendations to improve service quality and meet our customers' expectations. The result of quality and standard inspections will also be released internally in the form of a ranking on a quarterly and annual basis to promote competition and improvement.

Quality Control of Subcontractors

To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections on the subcontractors. We regularly monitor and evaluate the performance of the subcontractors and may require the subcontractors to take necessary rectification measures when their services do not meet the agreed standards. We reserve the right to impose fines, deduct subcontracting fees or even terminate the contract if our subcontractors fail to perform in accordance with our standard of quality, and decide whether to renew subcontracting agreements based on the outcome of our evaluations. For more information, see "—Suppliers—Subcontracting."

Quality Control of Third-party Vendors

We implement a variety of measures and policies to ensure the quality of the products and services offered by third-party vendors, such as selecting vendors based on our internal quality control policy, screening candidate vendors with at least one on-site inspection before entering into cooperation agreements with them, and grading the quality of the products with ongoing review. We establish monthly and annual service quality checks to monitor our third-party vendors. If third-party vendors are unable to provide the required products, they must notify us in time. They are also required to indemnify us for losses incurred due to their defective products. We also have the right to replace a third-party vendor in the event of underperformance.

Enhanced Hygiene and Precautionary Measures against the COVID-19 Pandemic

In response to the COVID-19 pandemic, we have adopted enhanced hygiene and precautionary measures across the properties under our management since late January 2020. The additional costs for implementing these enhanced hygiene and precautionary measures primarily represent increased staff costs to carry out these measures as well as costs for purchasing protective materials such as face masks, ethanol hand wash, disinfectants, and infrared thermometers. See "—Effects of the COVID-19 Pandemic—Our Contingency Plan and Response to the COVID-19 Pandemic."

Feedback and Complaint Management

During the ordinary course of our business, we receive feedback, suggestions and complaints (such as report of loss of properties and request for repair of public facilities) from property owners and residents of the properties we manage from time to time regarding our services. We have established internal procedures to record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our responses. We require that all requests and complaints from our customers be responded to within 24 hours, with a specific timeline to solve the problems. Requests and complaints that do not get addressed within the specified timeline will be escalated in our management system and will be ultimately addressed. We will revisit our customers within 24 hours after their problems get resolved, and thus ensure that the results are satisfactory to our customers and their confidence in our services is restored. In order to provide better customer experience and enhance our customer service, we offer a service hotline for residents living in the residential properties we manage. Through the hotline, our customers can inquire about our services, provide us with their complaints and feedback, and we can follow up and respond in time to provide timely and efficient solutions to the problems of our clients. See "—Quality Control—Quality Control of Our Property Management Services" above for more details.

During the Track Record Period, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

INTELLECTUAL PROPERTY

We regard our intellectual property rights material to our business. As of the Latest Practicable Date, we had registered nine domain names in the PRC, 104 trademarks in the PRC which, in the opinion of our Directors, are material to our business. In addition, as of the Latest Practicable Date, we held 18 patents (including one registered invention, nine utility models and eight designs), 16 software copyrights and two copyrights in works relating to our smart community solutions services. As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights.

AWARDS AND RECOGNITIONS

The following table sets forth some of our awards received as of the Latest Practicable Date:

Awarding year	Award/Recognition	Awarding entity
2021	Top 100 Most Valuable Brand of China Property Management Service (中國物業服務企業品牌價值100強)	Shanghai e-house Real Estate Research Institute (上海易居房地產研究院)
2018, 2019, 2020 and 2021	Top 100 Property Management Companies in the PRC (中國物業服務百強企業) in terms of overall strength	CIA
2019 and 2020 . .	Leading Brand in the PRC Property Management Industry in terms of Market Operation (中國物業服務市場化運營領先品牌企業)	CIA
2019 and 2020 . .	AAA Property Management Company in Zhejiang (浙江省AAA級物業服務信用企業)	Housing and Urban-Rural Development Department of Zhejiang (浙江省住房和城鄉建設廳)
2020	Top 100 Blue Chip Property Management Companies (藍籌物業百強企業)	The Economic Observers
2020	Regional Leader by Value (區域價值領先企業)	The Economic Observers
2020	Leading Property Management Company in terms of Characteristic Services (China Smart Life Service Provider) (中國物業服務特色品牌企業(中國智慧社區美好生活服務商))	CIA
2020	Leading Property Management Service Provider in East China (華東地區物業服務市場地位領先企業)	CIA
2019	Top 500 Property Management Companies in the PRC (中國物業服務企業綜合實力500強) in terms of overall strength	Jointly by China Property Management Association and Shanghai e-house Real Estate Research Institute China Real Estate Evaluation Center (中國物業管理協會、上海易居房地產研究院中國房地產測評中心)
2019	Leading Residential Property Management Companies in the PRC (中國住宅物業服務領先企業)	Jointly by China Property Management Association and Shanghai e-house Real Estate Research Institute China Real Estate Evaluation Center (中國物業管理協會、上海易居房地產研究院中國房地產測評中心)

Awarding year	Award/Recognition	Awarding entity
2019	Leading Property Management Company in terms of Characteristic Services (China Warm Community and Happy Life Service Provider) (中國物業服務特色品牌企業 (中國溫情社區美好生活服務商))	CIA
2019	Blue Chip Property Management Companies (中國藍籌物業企業)	The Economic Observers
2018	Certificate of High Technology Enterprise (高新技術企業證書) issued to Xier Technology	Zhejiang Provincial Department of Science and Technology (浙江省科學技術廳), Zhejiang Provincial Department of Finance (浙江省財政廳) and Zhejiang Provincial Tax Service, State Taxation Administration (國家稅務總局浙江省稅務局)

COMPETITION

The property management industry in the PRC is intensely competitive and highly fragmented with a few sizeable companies and numerous small-sized market participants. In recent years, property management companies become more concentrated and sizable companies tend to have higher growth rate. Sizeable companies with professional knowledge, financial strength and background or affiliation with property developers are more competitive and are at a more advantageous position in the market. Therefore, although the PRC property management industry has relatively low entry barriers for the mid-tier and low-end segments, we believe that there are relatively higher entry barriers for the high-end segment.

As a reputable player in comprehensive property management segment, we primarily compete against nationally or regionally recognized property management companies. We believe the core competitiveness lies in factors including, among other things, quality services, business operation, price, financial resources, brand recognition, reputation and business development capabilities. In 2021, we were ranked 25th among the Top 100 Property Management Companies in the PRC in terms of overall strength by CIA.

For more details about the industry and markets that we operate in, see “Industry Overview” in this prospectus.

SOCIAL, HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. We hire employees based on merits, and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We have established occupational safety and sanitation systems, implemented the GB/T 28001-2011/OHSAS 18001:2007 standards in our operations, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. We have monthly training for our employees on occupational safety. In addition, we also assign security personnel and provide 24-hours safety and security patrol at each of the properties under our management. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We consider the environmental protection important and are committed to operating our business in compliance with applicable environmental protection laws and regulations. We have implemented reasonable measures in the operation of our businesses to comply with all applicable requirements to ensure we meet the ISO 14001 standard. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we had not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

Our Directors consider that establishing and implementing sound environmental, social and governance ("**ESG**") principles and practices will help increase the investment value of our Company and provide long-term returns to our stakeholders. To ensure the effectiveness of our ESG measures, our Directors will be responsible for overseeing the formulation and reporting of our ESG strategies and determining the ESG-related risks. We have worked intensely in the following aspects to promote health, safety and environmental aspects of our operations: (i) carefully sanitize the properties under management to create a good working and living environment; (ii) effectively manage the sewage and pipelines; (iii) control air, water, solid, noise and electromagnetic wave pollution; (iv) promote recycling and energy conserving activities; (v) carefully prevent and remove illegal constructions; and (vi) manage parking and repair and maintenance.

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 employer's liability insurance, commercial insurance, public liability insurance, facility and equipment insurance and other insurances that cover operational risk.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For more details, please refer to "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 during the ordinary course of operation" in this prospectus.

EMPLOYEES

We believe that our quality personnel is our key to success and future development. We place strong emphasis on recruiting and training quality personnel. We recruit talent from various sources, such as employee referral, on-line job posting, universities and other companies, and provide on-going training and promotion opportunities to our staff members.

As of December 31, 2020, we had a total of 3,054 full time employees in the PRC. The following table sets forth a breakdown of our employees by function as of December 31, 2020:

Function	Number of employees	% of our total employees
Management	523	17.1
Marketing	28	0.9
Facility repair and maintenance	347	11.4
Environmental services	737	24.1
Customer service	707	23.2
Security	712	23.3
Total	**3,054**	**100%**

The following table sets forth a breakdown of our employees by geographic location as of December 31, 2020:

Geographic location	Number of employees	% of our total employees
Zhejiang Province	2,160	70.7
Yangtze River Delta Region (excluding Zhejiang Province)	835	27.4
Other regions	59	1.9
Total	**3,054**	**100%**

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.

Social Insurance and Housing Provident Fund Contributions

According to the relevant PRC laws and regulations, we are required to make contributions to social insurance fund (including pension fund, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and housing provident fund for the benefit of our employees in the PRC. During the Track Record Period, some of our PRC subsidiaries did not make full contribution to the social insurance and housing provident funds for some of our employees as required under PRC laws and regulations.

Reasons for Not Making Full Contributions

As confirmed by our Directors, we did not make full social insurance and housing provident fund contributions during the Track Record Period, primarily because (i) some of our employees, especially our on-site personnel providing services such as repair and maintenance services who typically demonstrate high mobility, prefer not to contribute to social insurance and housing provident funds; and (ii) other employees requested us not to pay social insurance and housing provident funds for them as they purchased new rural insurance at their registered places of residence.

Legal Consequences and Potential Maximum Penalties

As advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations in respect of social insurance contributions, if we do not pay the full amount of social insurance contributions as required, the relevant authorities may demand us to pay the outstanding social insurance contributions within the deadline stipulated by them and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. We may be liable to a fine from one to three times the amount of the outstanding contributions if we fail to make such payments. In respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within the time period stipulated by relevant authorities. If payment is not made within such stipulated time period, relevant employees may apply to PRC courts for compulsory enforcement.

Our Directors have considered the following in assessing our exposures relating to social insurance and housing provident fund contributions: (i) as of the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties, material litigations and legal proceedings, nor were we aware of any material employee complaints nor involved in any material labor disputes with our employees with respect to social insurance and housing provident funds; (iii) our PRC subsidiaries and branches have obtained written and/or verbal confirmations from local government authorities (which, as advised by our PRC Legal Advisors, are competent authorities to issue such confirmations) confirming that no penalties had been imposed on us with respect to social insurance and housing provident funds during the Track Record Period; (iv) we made provisions for the shortfall of social insurance and housing provident fund contributions of RMB0.3 million, RMB0.3 million and RMB1.1 million, respectively, in 2018, 2019 and 2020; (v) we will make full contributions or pay any shortfall within a prescribed time period if demanded by the relevant government authorities; and (vi) based on the foregoing, our PRC Legal Advisors are of the view that the risk that we would be subject to material administrative penalties by relevant authorities is low.

In light of the above, our Directors believe that our failure to fully contribute to social insurance and housing provident funds during the Track Record Period would not have any material adverse effect on our business operations or results of operations.

Remedial Measures

In December 2020, we issued an internal notice, pursuant to which our human resources department shall strictly follow our employee benefit policies and relevant laws and regulations on social insurance and housing provident fund contributions. We also introduced further internal policies pursuant to which our risk management department shall check the compliance status of social insurance and housing provident fund contributions. In addition, a plan was formulated to ensure full contribution to the social insurance and housing provident funds according to relevant laws and regulations; such plan lists in detail our current compliance status and major obstacles anticipated during the rectification process. We have commenced making contribution to social insurance and housing provident funds for our employees in accordance with the relevant PRC laws and regulations since February 2021.

Recruiting

We rely on high quality personnel for our consistent delivery of high quality service. We endeavor to hire the most talented employees in the market by offering competitive wages, bonus, benefits, systematic training opportunities and internal upward mobility. During our recruiting process, we seek talent that is best suited to our vacancy by sourcing through a broad range of channels, including online job posting, campus recruiting and employee referral. Our screening and selection process primarily include (i) developing a recruiting plan; (ii) confirming the channel of recruitment; (iii) posting detailed information regarding the post; (iv) reviewing and screening of resumes; (v) conducting two rounds of interviews; (vi) conducting background check; and (v) sending offer letter after the internal approval.

Campus recruiting plays an important role in our recruiting process. More than ten thousand students attended our online recruiting fairs at top universities in the past. We cooperate with Shuren university and fully fund the tuition of selected students who commit to serve at Shengquan after graduation. We also partnered with reputable universities and colleges in the cities where we operate to develop a Shengquan-oriented curriculum.

Training

We believe a capable workforce is key to our future business and have introduced Shengquan Class (盛全班) at our partner universities to create a talent pool of fresh graduates. Students of Shengquan Class receive property management oriented curriculums, attend our internship programs during holiday seasons and work fulltime with us after graduation. Moreover, 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. The training programs are primarily classified into the following categories:

- *Eaglet Program (雛鷹計劃)*: Our Eaglet Program targets entry-level employees. We provide introductory courses covering our business operations and business-line specific training programs to help new joiners start their careers with essential know-hows.

- *Falcon Program (獵鷹計劃)*: Our Falcon Program targets management personnel. We provide courses on business management and practice opportunities to help management personnel enhance their managerial capabilities.

- *Hawk Program (戰鷹計劃)*: Our Hawk Program targets project managers. We provide theoretical training and case studies on project management to help project managers gain in-depths knowledge on how to manage various projects.

- *Eagle Program (雄鷹計劃)*: Our Eagle Program targets regional managers. We provide them with comprehensive training materials on managerial capacities and assign instructors to them to help them streamline their skills on business operation and management.

OUR BANK ACCOUNT AND CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our branches in their ordinary course of business in accordance with PRC laws and regulations. We have established a cash management policy to monitor the work process of our branches, including but not limited to, requiring the approval of opening bank account and cash payments from our headquarters, setting the upper cash limit on hand for our branches, setting deadlines for depositing their cash received in the bank accounts, taking stock of the bank accounts and checking the cash balances as well as reconciliation the amounts 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. 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. We have detailed cash management policy to regulate our cash management and bank deposits management to ensure security and the reasonable use of our cash. Details of our cash management policy are set out as follows:

Cash flow transactions	Cash handling policies and internal control measures
Opening of and managing bank accounts	Our subsidiaries and branches can only set up one "Basic Account" for payment of expenses during the ordinary course of business operation and one or several "Revenue Account" for depositing all revenues collected. There shall be no exchange between the Basic Account and Revenue Account.
Receipt of property management fees, rent or other service fees from our customers.	We have designated cashier charged with cash collection at relevant properties. They will verify that the cash collected is the correct amount, deposit the cash collected to our bank account and submit report to our online management system on a daily basis. We require our subsidiaries and branches to have separate bank accounts for cash inflow in relation to payments of property management fees, rent or other service fees and to deposit all cash they received in their bank accounts in a timely manner.
Payments made to our suppliers by our branches	Such payment shall be submitted by related personnel in writing and pre-approved by the responsible supervising personnel according to the authority assigned to them by our internal manual. Once approved, the relevant payments shall be wired through online bank accounts by internal accountants of our subsidiaries or branches.
Cash transfers from our subsidiaries and branches to our centralized bank account	Our subsidiaries or branches must deposit cash collected to the designated Revenue Account within the same day of receipt. Cash deposited in Revenue Account shall be transferred to our centralized bank account.
Cash transfers from our centralized bank account to our branches	We set a cash level for the Basic Account of our subsidiaries or branches and adjust the cash level as necessary and appropriate to facilitate the business operation of our branches. In the event that the actual cash levels at the Basic Account of our subsidiaries and branches fall below the pre-determined cash level, we transfer cash from our Company's centralized bank account to the bank accounts of our subsidiaries or branches to supplement the shortfall for our regular operation.
Cash inventory and deposits.	Our subsidiaries and branches are typically not allowed to keep more than RMB5,000 in cash on hand. We typically require that excess amounts to be deposited into the Revenue Account within the day they are received.

INTERNAL CONTROL AND RISK MANAGEMENT

We embed a culture of compliance in the daily work routine of our employees through regular compliance trainings, and set various expectations for our employees' work performances in terms of compliance. We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the major risks identified by our management, see "Risk Factors—Risks Relating to Our Business and Industry" in this prospectus. In addition, we face various financial risks arising out of our ordinary course of business, including interest rate risk, credit risk and liquidity risk. See "Financial Information—Quantitative and Qualitative Analysis about Market Risk" in this prospectus for further discussion.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have set up three lines of defense to control and manage risks:

- Our individual department is our first line of defense. Each individual department is responsible for identifying potential risks, in particular, risks as specified in the Risk Factors section of this prospectus, assisting management team in designing and implementing internal control and risk management policies and providing further feedback to optimize such policies.

- Our audit risk control center, together with the Audit Committee set up by the Board of Directors, is our second line of defense. Our audit risk control center and the Audit Committee are responsible for monitoring the effectiveness of internal control and risk management policies. They will also provide their regular evaluations of the internal control and risk management polices to the Board of Directors.

- Our Board of Directors is our third line of defense. The Board of Directors is responsible for reviewing and designing internal control and risk management policies. They will also reallocate resources according to the feedback and evaluation provided by each individual department, audit risk control center and the Audit Committee so as to reduce the overall risks arising from our operations. See "Directors and Senior Management."

In connection with the Global Offering, we engaged an independent internal control consultant to review our internal controls and to provide us with relevant recommendations associated with their findings, based on an agreed scope covering controls and procedures in the following aspects: our services, risk assessment system, environmental control, management structure, communication and supervision system, regulatory compliance, financial reporting and accounting procedures, management of suppliers and procurement, cash and treasury management, human resources and salary management, tax payments, informational technology systems, insurance, fix assets, application of licenses and permission and other general control measures. Accordingly, we have implemented rectification and improvement measures to respond to the findings and recommendations and adopted policies including but not limited to our Risk Management Guidelines (《風險管理制度》), the Environmental, Social and Internal Control Issues Guidelines (《環境、社會及管治的政策》), Regulations and Compliance Matters Guidelines (《法律事務管理制度》) and Employee Benefits Management Guidelines (《福利管理辦法》). Our Directors are of the view that our internal control measure are adequate and effective for our current business environment.

PROPERTIES

As of the Latest Practicable Date, we did not have any self-owned properties. As of the Latest Practicable Date, we leased 118 properties in various locations with an aggregated GFA of approximately 16,099 sq.m. primarily as office premises or, to a lesser extent, for residential purposes.

As of the Latest Practicable Date, we had not registered 88 lease agreements of our leased properties, which are used as office premise and staff accommodation with a total GFA of approximately 11,194 sq.m., with the local housing administration authority as required under PRC law, primarily due to lack of cooperation from the landlord in providing title certificate and proof of ownership and registering the lease agreement, which were beyond our control. According to the relevant PRC laws and regulations, we might be ordered to rectify this failure to register by competent authority and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 may be imposed on us as a result. In the event that we are required to relocate from such leased property, given the nature of our operation, we believe that it would not be difficult for us to identify and relocate to an alternative premise and relocation would not result in any material disruptions to our business. Although we may incur additional relocation costs, our Directors are of the view that this would not have any material impact on our business, financial position and results of operations. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the lease agreement described above.

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).

CERTIFICATES, LICENSES AND PERMITS

We are required to obtain and maintain various certificates, licenses and permits in relations to our operations. See "Regulatory Overview" for more information about the material certificates, permits and licenses required for our business operations in the PRC. As of the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses that are material for our operation, and all of such certificates, permits and licenses are within their respective effective periods. We are required to renew such certificates, permits and licenses from time to time. We do not expect any material difficulties in such renewals.

The following table sets forth certain key licenses and permits relating to our operations in the relevant jurisdictions as of the date of this prospectus:

Certificates/Licenses/Permits	Holder	Grant Date	Expiration Date
Quality Management System Certificate (質量管理體系認證證書)	Shengquan Property	March 17, 2020	March 16, 2024
Environment Management System Certificate (環境管理體系認證證書)	Shengquan Property	March 17, 2020	March 16, 2024
Occupational Health and Safety Management System Certificate (職業健康安全管理體系認證證書)	Shengquan Property	March 17, 2020	March 16, 2024
Security Service License (保安服務許可證)	Shengquan Security	December 9, 2019	N/A
Food Business Operation License (食品經營許可證)	Hangzhou Julin	September 23, 2020	September 22, 2025
Food Business Operation License (食品經營許可證)	Hangzhou Rongyun	January 30, 2018	January 29, 2023
Quality Management System Certificate (質量管理體系認證證書)	Zhejiang Shengjie	November 9, 2018	November 8, 2021
Environmental Management System Certificate (環境管理體系認證證書)	Zhejiang Shengjie	November 9, 2018	November 8, 2021
Occupational Health and Safety Management System Certificate (職業健康安全管理體系認證證書)	Zhejiang Shengjie	November 9, 2018	September 11, 2021
Certificate of Information Security Management System (信息安全體系認證證書)	Shengquan Property	February 19, 2021	February 18, 2024
Certificate of Energy Management System (能源管理體系認證證書)	Shengquan Property	February 19, 2021	February 18, 2024

LEGAL PROCEEDINGS AND COMPLIANCE

Ongoing Legal Proceedings

We have been involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from property management agreements with our customers. As of the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings, claims or disputes which would have a material adverse effect on our financial condition or results of operation.

Compliance

Our Directors are of the view that we had complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social insurance funds, including pension fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and the housing provident fund. During the Track Record Period, we did not make full contributions to the social insurance and housing provident funds for certain employees. For details, see "—Employees—Social Insurance and Housing Provident Fund Contributions."

As advised by our PRC Legal Advisors, we had not been subject to any material fines or legal actions involving non-compliances with any PRC laws or regulations relating to our business during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW

Immediately upon completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), Shengfu International, which is owned as to approximately 92% by Mr. Hu and 8% by Ms. Wei, Mr. Hu's spouse, will directly own as to approximately 52.92% of the issued share capital of our Company. Accordingly, Shengfu International, Mr. Hu and Ms. Wei constitute a group of our Controlling Shareholders under the Listing Rules.

Shengfu International is an investment holding company. Mr. Hu had over 20 years of experience in the PRC real estate industry. He is currently serving as the chairman of the board and an executive director of Dexin China. As of the Latest Practicable Date, Mr. Hu is beneficially interested in approximately 69.94% of the total issued shares of Dexin China.

DELINEATION OF BUSINESS

Our Directors are of the view that there is a clear delineation between the business of our Controlling Shareholders (the "**Excluded Business**") and our business. As such, none of the Excluded Business would compete or is expected to compete, directly or indirectly, with our business upon Listing.

The table below sets out the principal businesses and target customers of our Group and our Controlling Shareholders.

	Principal businesses operations
Our Group	(i) property management services to property developers, property owners and residents primarily comprising: • cleaning • security • gardening • repair and maintenance services (ii) value-added services to non-property owners primarily comprising: • sales office management services • preliminary planning and design consultancy services • property inspection and repair services • commercial consulting services (iii) community value-added services to property owners and residents primarily comprising: • smart community solutions • property sales and assistance services • common area value-added services • clubhouse services • home decoration services • community retail and home services

	Principal businesses operations
Our Controlling Shareholders	(i) property development, construction and sales (ii) hotel investment (iii) entertainment, cultural and sports activities (iv) lease of commercial properties (v) project management

Given the different nature of business between our Group and our Controlling Shareholders, there is clear delineation between our business and the Excluded Business. Our Directors are therefore of the view that there is no competition between the businesses of our Group and the Excluded Business.

As of the Latest Practicable Date, none of our Controlling Shareholders, their 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, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business, further details of which are set out in the paragraph headed "Deed of Non-Competition" below.

OUR RELATIONSHIP WITH DEXIN GROUP

We have a long and close cooperation relationship with Dexin Group. We started our business in 2005 by providing property management services to properties developed by Dexin Group. During the Track Record Period, we provided property management services to properties developed by Dexin Group and properties jointly developed by Dexin Group and independent third-party developers. We also provide certain value-added services to non-property owners, such as sales office management services, preliminary planning and design consultancy services, property inspection and repair services and commercial consulting services, and community value-added services, such as smart community solutions, property sales and assistance services, common area value-added services, clubhouse services, home decoration services and community retail and home services to Dexin Group and its joint ventures and associates. Dexin Group (together with its joint ventures and associates) was our largest customer during the Track Record Period. For more details, see "Business—Relationship with Dexin Group".

According to CIA, high-quality property management services enhance customer 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 Dexin Group and its joint ventures and associates have developed a mutual and in-depth understanding of each other's business operations. We believe that our ability to maintain a high bidding success rate for properties solely developed by Dexin Group and its joint ventures and associates is owed to our long-standing track record to work with Dexin Group, our involvement for properties developed by Dexin Group or jointly developed properties at early stage of property development process and our familiarity with their needs, which enables us to reduce communication costs and provide services tailored to Dexin Group's stringent demands and requirements. See "Business—Strong Support from Dexin Group and a Proven Track Record in Independent Business Development" for more details on the business benefits from our long-standing relationship with Dexin Group and its joint ventures and associates. We believe our close and long-term cooperative relationship with Dexin 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 and commercial operation 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 Dexin Group's preference on our support to promote their brand image by continuously delivering quality property management services to property owners and residents of its developed properties and commercial operation services to tenants of its developed properties. We believe it is commercially beneficial for both Dexin Group and our Group to maintain such a stable and strategic business relationship. Our Directors therefore consider that our business relationship with Dexin Group and its joint ventures and associates 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 Dexin Group and its joint ventures and associates. Our provision of property management services and commercial consulting services to Dexin China and its joint ventures and associates will constitute continuing connected transactions for our Company upon Listing. For details, see "Connected Transactions".

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after the Listing for the following reasons:

Management Independence

Our Board comprises three executive Directors and three independent non-executive Directors. One of our Directors hold management positions in our Controlling Shareholders or their respective close associates, namely Mr. Hu who serves as an executive director and chairman of the board in Dexin China and holds various directorship in Dexin Group.

As of the Latest Practicable Date, other than Mr. Hu, none of our Directors and members of our senior management held any directorship or senior management role in our Controlling Shareholders or their respective close associates.

Each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any of our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business operation of our Group independently from our Controlling Shareholders.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Capitalization Issue and the Global Offering.

Operational Independence

The business operations of our Group are carried out separately from the business operated by our Controlling Shareholders. We have full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after the Listing.

At the pre-sale and pre-delivery stages, we generally procure initial property management service engagements for residential properties developed by Dexin Group and its associates through a standardized tender and bidding process initiated by Dexin Group and its associates whereby tenders would be evaluated by a tender evaluation committee established by Dexin Group and its associates in accordance with the Interim Measures for the Administration of Tendering and Bidding for Preliminary Property Management (前期物業管理招投標管理暫行辦法). The tender evaluation committee shall consist of an odd number of no less than five members, including at least a two-thirds majority of property management experts which are independent of our Group and the representative members from Dexin Group and its associates, and selected on a random basis from a list of experts compiled by the local real estate administrative department. We could choose whether or not to take part in the processes initiated by Dexin Group and its associates. Accordingly, our Directors consider that we do not enjoy any preferential treatment in the selection process for properties developed by Dexin Group and its associates and are not granted property management contracts simply due to our relationship with Dexin Group.

At the post-delivery stage, the property management services are provided by us directly to the property owners or tenants. The property owners of residential properties may establish a homeowners' association to manage the properties. The homeowners' association, if formed, will be operated by the property owners and will be independent of Dexin Group and its associates and may select and engage property management service providers at its own discretion. Our Group needs to provide quality and competitive services to the residents/owners of the properties in order to secure its appointment by the homeowners' association. During the process, the property owners are entitled to conduct their own evaluation procedures in engaging (or dismissing) the residential property management services provider and our Group and Dexin Group and its associates do not have any role or influence over the engagement (or dismissal) of the relevant residential property management services provider. For details relating to the retention rate with respect to the property management agreements with independent property owners or owners' associations upon expiry or termination of the preliminary management agreements with Dexin Group and independent property developers, respectively, during the Track Record Period, see "Business—Property Management Services—Property Management Service Agreements—Key Terms of Agreements with Property Owners' Associations" for more details.

Benefiting from our history and long term cooperation relationship with Dexin Group, we have been providing property management, various value-added services to Dexin Group since our establishment. We believe our ongoing business relationship with Dexin Group is both mutually beneficial and complementary. Our Directors consider that the reliance of our Group on Dexin Group is not significant, having considered that (i) over 50% of the GFA under management are the properties developed by independent third-party property developers during the Track Record Period; (ii) a majority of the revenue of our Group generated from Independent Third Parties other than Dexin Group and its associates. The majority of our Group's customers are independent from our related parties, contributing 68.8% of the total revenue of our Group for the year ended December 31, 2020. These customers are mainly homeowners and homeowners' associations. Our Group maintains its business sustainability through quality services and stable relationship with the independent homeowners and homeowners' associations; and (iii) our Group generated approximately 66.8%, 62.2% and 68.1% of its revenue from the provision of property management and related services to residential properties for the years ended December 31, 2018, 2019 and 2020, respectively, and the initial engagement of our Group to provide preliminary property management services to residential properties was generally procured through a standard tender procedure governed by the relevant PRC laws and regulations, and our Group considers that no preferential treatment has been accorded to it.

Since 2005, we have been providing property management services to properties developed by Independent Third Parties (the "**External Projects**"). We have set up investment development department which is responsible for exploring potential new External Projects through establishing contacts with property developers, homeowners' associations or homeowners by site visits or setting up meetings with them through internal referral by our employees or management. In addition, our investment development department is responsible for exploring potential acquisition targets through internal referral and external marketing events. Once a potential acquisition target is identified by the investment development department, it will work with the finance department of our Group to conduct due diligence investigation, commence business negotiations with the sellers of the potential target companies and prepare a proposal for the management of our Group to approve. As of December 31, 2020, we had 106 properties under our management that were developed by independent third-party developers with a total GFA under management of 16.1 million sq.m., accounting for approximately 64.7% of our total GFA under management as of the same date.

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, independent tenants, homeowners' associations and property developers as compared to our total revenue will increase due to the increment in revenue derived from (i) independent individual property owners of the residential property projects and independent tenants of the commercial property projects currently under development by Dexin Group and its associates which we have been engaged for providing property management services and management services, which is expected to account for the majority of our Group's revenue; and (ii) property developers other than Dexin Group and its associates as a result of our Group's continuous 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 and commercial operation projects.

Licenses and IT systems required for operation

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business. We will not share any IT systems or corporate functions with our Controlling Shareholders upon Listing.

Access to customers/suppliers/business partners

We have a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their 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 Shareholders.

Operational facilities

As of the Latest Practicable Date, we leased properties from Dexin Group and its associates with a total GFA of approximately 2,194 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 Shareholders or their 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 Shareholders or their 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 Shareholders and their 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

All loans, advances and balances due to or from our Controlling Shareholders which were not arising out of the ordinary course of business will be fully settled or waived before Listing. As of the Latest Practicable Date, our Group had not provided any guarantee in respect of any loans of our Controlling Shareholders and their respective close associates and vice versa.

In addition, we have our own internal control and will have our own accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing before Listing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective associates.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has irrevocably and unconditionally undertaken to us in the Deed of Non-Competition that he/she/it will not, and will procure his/her/its Close Associates (as defined below) not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with our business (the "**Restricted Businesses**"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time, or conduct any Restricted Businesses, except where our Controlling Shareholders and their Close Associates (as defined below) hold less than 10% of the total issued share capital of any 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 they do not control the board of directors of such company.

The above restrictions do not apply when our Group engages in a business that is not identical or similar to or does not constitute competition with the Restricted Businesses or at the time of commencement of such business, any of our Controlling Shareholders and his/her/its Close Associates (as defined below) had already been conducting or been involved in, or otherwise be interested in, the relevant business (including those as disclosed in this section).

Further, each of our Controlling Shareholders has undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the "**Competing Business Opportunity**") is identified by/made available to him/her/it or any of his/her/its Close Associates (as defined below), he/she/it shall, and shall procure that his/her/its Close Associates (as defined below) shall, refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the "**Offer Notice**") within 30 business days of identifying the target company (if relevant), the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity.

Upon receiving the Offer Notice, our Company shall seek approval from a board committee comprising independent non-executive Directors who do not have an interest in the Competing Business Opportunity (the "**Independent Board**") as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity). The Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board shall, within 30 business days of receipt of the written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity.

The relevant Controlling Shareholder shall be entitled but not obliged to pursue such Competing Business Opportunity if he/she/it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board has failed to respond within such 30 business days' period mentioned above. If there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by the relevant Controlling Shareholder, he/she/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their respective close associates cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be listed on the Stock Exchange.

Each of our Controlling Shareholders has further undertaken to us that he/she/it will provide and procure his/her/its Close Associates (as defined below) to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition. They will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

In addition, our Company has taken, or will take, the following measures to safeguard good corporate governance standards in respect of the Deed of Non-Competition:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;

- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement 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 (as defined below) 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/it may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

For the above purpose, "Close Associates" means the close associates (as defined in the Listing Rules) of our Controlling Shareholders excluding Dexin Group, being an independently operating group due to the listed status of Dexin China.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders and his/her/its respective Close Associates (as defined above) may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/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 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 judgment 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 and Senior Management—Board of Directors—Independent non-executive Directors" in this prospectus;

(d) we have appointed Giraffe Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, the directors, substantial shareholders and chief executive of our Company and our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was a director of our Company or our subsidiaries within 12 months preceding the Listing Date and any of their respective associates will become connected persons of our Company upon Listing.

Our Group has entered into a number of continuing transactions 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, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Clubhouse Services

On June 23, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a master clubhouse services agreement (the "**Master Clubhouse Services Agreement**") with Mr. Hu (for and on behalf of his associates), pursuant to which our Group agreed to provide clubhouse services including catering services and conference services for the employees and business partners of the associates of Mr. Hu (the "**Clubhouse Services**"). The Master Clubhouse Services Agreement has a term commencing from the Listing Date to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Clubhouse Services agreements to be entered into between members of our Group and the associates of Mr. Hu shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Clubhouse Services Agreement.

For the three years ended December 31, 2020, the transaction amounts for the Clubhouse Services provided by our Group to the associates of Mr. Hu amounted to approximately RMB0.6 million, RMB0.9 million and RMB0.5 million, respectively.

It is estimated that the maximum annual fees payable by the associates of Mr. Hu in relation to the Clubhouse Services for each of the three years ending December 31, 2023 will not exceed RMB0.8 million, RMB0.8 million and RMB0.8 million, respectively.

The service fees to be charged for the Clubhouse Services shall be determined on arm's length basis with reference to (i) the rates generally offered by us to the Independent Third Parties in respect of comparable services; and (ii) the anticipated operational costs (including but not limited to labor costs and material costs). In arriving at the above annual caps, our Directors have considered the historical transaction amounts and the estimated demand from the associates of Mr. Hu for the Clubhouse Services for the three years ending December 31, 2023.

Mr. Hu is one of our Controlling Shareholders and his associates are thus connected persons of our Company upon Listing. Accordingly, the transactions under the Master Clubhouse Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Clubhouse Services Agreement is expected to be less than 5% and the total consideration is less than HK$3 million on an annual basis, the transactions under the Master Clubhouse Services Agreement constitute continuing connected transactions for our Company which will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Property Sales Assistance Services

On May 3, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a master property sales assistance services agreement (the "**Master Property Sales Assistance Services Agreement**") with Dexin China (for itself and on behalf of its subsidiaries), pursuant to which our Group agreed to, through referral of potential buyers, provide sales assistance services to Dexin Group in respect of the serviced apartments developed or held by Dexin Group (the "**Property Sales Assistance Services**"). The Master Property Sales Assistance Services Agreement has a term commencing from the Listing Date to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Property Sales Assistance Services agreements to be entered into between members of our Group and members of Dexin Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Property Sales Assistance Services Agreement.

We provided sales assistance services since the second half of 2020. We started to provide Property Sales Assistance Services to Dexin Group in March 2021. Prior to our engagement in the provision of Property Sales Assistance Services, Dexin Group engaged independent property sales agents to provide similar services to the serviced apartments developed or held by it. Taking into account our experience and capacity in the provision of property sales assistance services to properties jointly developed by Dexin Group and other property developers, our familiarity with the serviced apartments of Dexin Group after we were engaged to provide property management services to the sales office of such serviced apartments, the future business plan of our Group in which we will continue to increase our efforts and devote more resources in our provision of Property Sales Assistance Services, our relatively enrich and stable customer base, our access to the property owners or residents in the properties under our management, our better understanding on the housing demand from such property owners or residents and following the business negotiation between Dexin Group and our Group, Dexin Group decided to engage us to provide Property Sales Assistance Services from 2021. The fees to be charged for the Property Sales Assistance Services shall be determined on arm's length basis with reference to (i) the location of properties; (ii) the anticipated operational costs; (iii) the average selling price of the serviced apartments to be sold through our Property Sales Assistance Services; and (iv) the commission rates we charge, which are comparable to the rates offered by Dexin Group to Independent Third Parties for similar services.

It is estimated that the maximum annual fees payable by Dexin Group in relation to the Property Sales Assistance Services for each of the three years ending December 31, 2023 will not exceed RMB16.4 million, RMB17.2 million and RMB18.1 million, respectively.

In arriving the above annual caps, our Directors have considered the following factors:

- the estimated number of serviced apartment projects to be sold by Dexin Group where the Property Sales Assistance Services are required, which are about two, two and three for the three years ending December 31, 2023, based on the development plan and sales schedule of the serviced apartments;

- the estimated capacity to provide the Property Sales Assistance Services through the expansion of the sales team of our Group taking into account the historical transaction amount on our provision of property sales assistance services for the year ended December 31, 2020 and the total number of serviced apartment units we anticipate to provide Property Sales Assistance Services and receive service fees from Dexin Group for the three years ending December 31, 2023, which are about 200, 210 and 220, respectively; and

- the expected demand for the Property Sales Assistance Services for the serviced apartments expected to be sold by Dexin Group for the years ending December 31, 2023.

Dexin China is a 30%-controlled company (as defined in the Listing Rules) of Mr. Hu, one of our Controlling Shareholders and Dexin China and its subsidiaries are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Property Sales Assistance Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Property Sales Assistance Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Property Sales Assistance Services Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Dexin China Commercial Consulting and Related Services

On May 3, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a master commercial consulting services agreement (the "**Master Dexin China Commercial Consulting and Related Services Agreement**") with Dexin China (for itself and on behalf of its subsidiaries), pursuant to which our Group agreed to provide Dexin Group with commercial consulting services, including but not limited to market research and analysis, tenant sourcing and management and opening preparation services for commercial complexes developed and owned by Dexin Group (the "**Dexin China Commercial Consulting and Related Services**"). The Master Dexin China Commercial Consulting and Related Services Agreement has a term commencing from the Listing Date to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Dexin China Commercial Consulting and Related Services agreements to be entered into between members of our Group and members of Dexin Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Dexin China Commercial Consulting and Related Services Agreement.

We started to provide Dexin China Commercial Consulting and Related Services to Dexin Group in the second half of 2020. Prior to our engagement in the provision of Dexin China Commercial Consulting and Related Services, certain subsidiaries of Dexin China were engaged in the provision of similar services for the commercial complexes developed by Dexin Group. We have been engaged to provide property management services and/or related services to four commercial complexes developed and owned by Dexin Group. Taking into account the operational demand of such four commercial complexes developed and owned by Dexin Group and its operational strategy to focus on the property development in the PRC, our familiarity with Dexin Group's requirements on such four commercial complexes and tenants' preference after provision of property management services by us, our business strategy of being a comprehensive asset-light service provider, we have been engaged to provide Dexin China Commercial Consulting and Related Services to Dexin Group from 2020. For the year ended December 31, 2020, the transaction amount for the Dexin China Commercial Consulting and Related Services provided by our Group to Dexin Group amounted to approximately RMB1.1 million.

The fees to be charged for the Dexin China Commercial Consulting and Related Services shall be determined on arm's length basis with reference to (i) the size, location and positioning of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labor costs, administration costs and material cost); and (iv) the fees for similar services and types of properties in the market.

It is estimated that the maximum annual fees payable by Dexin Group in relation to the Dexin China Commercial Consulting and Related Services for each of the three years ending December 31, 2023 will not exceed RMB6.8 million, RMB6.8 million and RMB6.8 million, respectively.

As of the Latest Practicable Date, we were engaged to provide Dexin China Commercial Consulting and Relating Services to four commercial property projects developed by Dexin Group. The aforesaid annual caps are estimated based on the existing contracts signed between our Group and Dexin Group.

Dexin China is a 30%-controlled company (as defined in the Listing Rules) of Mr. Hu, one of our Controlling Shareholders and Dexin China and its subsidiaries are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Dexin China Commercial Consulting and Related Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Dexin China Commercial Consulting and Related Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Dexin China Commercial Consulting and Related Services Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Property Management and Related Services

a. Dexin China Property Management and Related Services

On May 3, 2021, Shengquan Property (for itself and on behalf of its subsidiaries) entered into a master property management and related services agreement (the "**Master Dexin China Property Management and Related Services Agreement**") with Dexin China (for itself and on behalf of its subsidiaries), pursuant to which Shengquan Property agreed to provide Dexin Group with property management and related services, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection; (b) pre-delivery cleaning services; (c) pre-delivery preparation; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services) for the properties developed and owned by Dexin Group, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties (the "**Dexin China Property Management and Related Services**"). The terms and effective date of the Master Dexin China Property Management and Related Services Agreement is subject to satisfaction of certain conditions precedent, including the approval of the Master Dexin China Property Management and Related Services Agreement by the independent shareholders of Dexin China at the extraordinary general meeting ("**EGM**") which had been obtained on June 25, 2021. The Master Dexin China Property Management and Related Services Agreement has a term commencing from the date of approval by Dexin China's independent shareholders at the EGM to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Dexin China Property Management and Related Services agreements to be entered into between members of Shengquan Property and members of Dexin Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Dexin China Property Management and Related Services Agreement.

For the three years ended December 31, 2020, the transaction amounts for the Dexin China Property Management and Related Services provided by our Group to Dexin Group amounted to approximately RMB37.7 million, RMB57.0 million and RMB89.3 million, respectively.

The fees to be charged for the Dexin China Property Management and Related Services shall be determined on arm's length basis with reference to (i) the size, location and positioning of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials); and (iv) the prices charged by us for providing comparable services to Independent Third Parties. The service fees for the provision of Dexin China Property Management Services to properties owned or used by Dexin Group are charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

It is estimated that the maximum annual fees payable by Dexin Group in relation to the Dexin China Property Management and Related Services for each of the three years ending December 31, 2023 will not exceed RMB93.6 million, RMB99.2 million and RMB108.4 million, respectively.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend in relation to the Dexin China Property Management and Related Services during the Track Record Period;

- the existing contracts under which we are engaged by Dexin Group to provide the Dexin China Property Management Related Services. As of December 31, 2020, we were contracted to manage a total of 32 projects developed and yet to be delivered by Dexin Group with a total contracted GFA of approximately 4.6 million sq.m.;

- the costs incurred for the related services during the Track Record Period; and

- the expected demand for the Dexin China Property Management and Related Services for the properties expected to be delivered by Dexin Group for the years ending December 31, 2023. It is expected that 25, 29 and 32 projects with an estimated aggregate GFA of approximately 3.7 million sq.m., 4.8 million sq.m. and 6.0 million sq.m. developed or owned by Dexin Group will be delivered and managed by our Group for the three years ending December 31, 2023.

Dexin China is a 30%-controlled company (as defined in the Listing Rules) of Mr. Hu, one of our Controlling Shareholders and Dexin China and its subsidiaries are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Dexin China Property Management and Related Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

b. Mr. Hu Property Management and Related Services

On June 23, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a master property management and related services agreement (the "**Master Mr. Hu Property Management and Related Services Agreement**") with Mr. Hu (for and on behalf of the associates of Mr. Hu (excluding Dexin Group but including the associates of Dexin China) ("**Mr. Hu's Companies**")), pursuant to which our Group agreed to provide Mr. Hu's Companies with property management and related services, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection; (b) pre-delivery cleaning services; (c) pre-delivery preparation; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services) for the properties developed and owned by Mr. Hu's Companies, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties (the "**Mr. Hu Property Management and Related Services**"). The Master Mr. Hu Property Management and Related Services Agreement has a term commencing from the Listing Date to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Mr. Hu Property Management and Related Services agreements to be entered into between members of our Group and Mr. Hu's Companies shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Mr. Hu Property Management and Related Services Agreement.

For the three years ended December 31, 2020, the transaction amounts for the Mr. Hu Property Management and Related Services provided by our Group to Mr. Hu's Companies amounted to approximately RMB6.4 million, RMB22.1 million and RMB36.3 million, respectively.

The fees to be charged for the Mr. Hu Property Management and Related Services shall be determined on arm's length basis with reference to (i) the size, location and positioning of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials); and (iv) the prices charged by us for providing comparable services to Independent Third Parties. The service fees for the provision of Mr. Hu Property Management Services to properties developed and owned by Mr. Hu's Companies are charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

It is estimated that the maximum annual fees payable by Mr. Hu's Companies in relation to the Mr. Hu Property Management and Related Services for each of the three years ending December 31, 2023 will not exceed RMB40.6 million, RMB43.1 million and RMB47.2 million, respectively. The increase in the annual cap for the Mr. Hu Property Management and Related Services for the year ending December 31, 2021 as compared to the historical transaction amount for the year ended December 31, 2020 is mainly because the demand for the Mr. Hu Property Management and Related Services from Mr. Hu's Companies is expected to increase, taking into account (i) the existing contracts under which we are engaged by Mr. Hu's Companies to provide the Mr. Hu Property Management and Related Services; and (ii) the expected increase in GFA of the properties to be developed by Mr. Hu's Companies for which we anticipate we will be engaged to provide the Mr. Hu Property Management and Related Services.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend in relation to the Mr. Hu Property Management and Related Services during the Track Record Period;

- the existing contracts under which we are engaged by Mr. Hu's Companies to provide the Mr. Hu Property Management and Related Services. As of December 31, 2020, we were contracted to manage a total of 20 projects developed and yet to be delivered by Mr. Hu's associates with a total contracted GFA of approximately 3.6 million sq.m.;

- the costs incurred for the related services during the Track Record Period; and

- the expected demand for the Mr. Hu Property Management and Related Services for the properties expected to be delivered by Mr. Hu's Companies for the years ending December 31, 2023. It is expected that 14, 18 and 23 projects with an estimated aggregate GFA of approximately 2.4 million sq.m., 3.2 million sq.m. and 4.0 million sq.m. developed or owned by Mr. Hu's Companies will be delivered and managed by our Group for the three years ending December 31, 2023.

The increase in the proposed annual caps as compared to the historical transaction amounts is primarily due to the increasing demand of Mr. Hu Property Management and Related Services from Mr. Hu's Companies.

Mr. Hu is one of our Controlling Shareholders and his associates are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Mr. Hu Property Management and Related Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since the Dexin China Property Management and Related Services and the Mr. Hu Property Management and Related Services (the "**Property Management and Related Services**") are similar in nature, the transactions under the Master Dexin China Property Management and Related Services Agreement and the Master Mr. Hu Property Management and Related Services Agreement should be aggregated pursuant to the Listing Rules. The aggregated annual cap amounts in respect of the Property Management and Related Services are as follows:

	For the year ending December 31,		
	2021	**2022**	**2023**
	RMB'million	*RMB'million*	*RMB'million*
Annual cap			
Dexin China Property Management and Related Services	93.6	99.2	108.4
Mr. Hu Property Management and Related Services	40.6	43.1	47.2
Aggregate	**134.2**	**142.3**	**155.6**

Since each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the aggregated annual caps for the Property Management and Related Services is or are expected to be more than 5% on an annual basis, the transactions under the Master Dexin China Property Management and Related Services Agreement and the Master Mr. Hu Property Management and Related Services Agreement will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Smart Community Solution Services

a. Dexin China Smart Community Solutions Services

On May 3, 2021, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master smart community solutions services agreement (the "**Master Dexin China Smart Community Solutions Services Agreement**") with Dexin China (for itself and on behalf of its subsidiaries), pursuant to which our Group agreed to provide Dexin Group with smart community solutions with hardware and software that integrate, among other things, visitor management, traffic control, carpark management, security control, energy conservation and fire control capabilities for properties developed by Dexin Group (the "**Dexin China Smart Community Solutions Services**"). The Master Dexin China Smart Community Solutions Services Agreement has a term commencing from the Listing Date to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Dexin China Smart Community Solutions Services agreements to be entered into between members of our Group and members of Dexin Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Dexin China Smart Community Solutions Services Agreement.

For the three years ended December 31, 2020, the transaction amounts for the Dexin China Smart Community Solutions Services provided by our Group to Dexin Group amounted to approximately RMB2.6 million, RMB8.9 million and RMB6.0 million, respectively. Prior to 2021, Dexin Group purchased hardware equipment mainly from us to the residential properties developed by it. The transaction amount for the Dexin China Smart Community Solutions Services was decreased in 2020 due to the decreased demand of smart hardware from Dexin Group.

The fees to be charged for the Dexin China Smart Community Solutions Services shall be determined on arm's length basis with reference to (i) the location and the conditions of the properties; (ii) the costs for research and development; (iii) the scope of services; (iv) the anticipated operational costs (including labor costs and material costs); (v) the rates offered by us to Independent Third Parties in respect of comparable services; and (vi) the fees for similar services in the market.

It is estimated that the maximum annual fees payable by Dexin Group in relation to the Dexin China Smart Community Solutions Services for each of the three years ending December 31, 2023 will not exceed RMB17.7 million, RMB19.7 million and RMB20.6 million, respectively. The increase in the annual cap for the Dexin China Smart Community Solutions Services for the year ending December 31, 2021 as compared to the historical transaction amount for the year ended December 31, 2020 is mainly because the demand for the Dexin China Smart Community Solutions Services from Dexin Group is expected to increase, taking into account (i) the existing contracts under which we are engaged by Dexin Group to provide the Dexin China Smart Community Solutions Services; and (ii) the expected increase in number of the projects to be developed by Dexin Group for which we anticipate we will be engaged to provide comprehensive smart community solutions that integrate various aspects of community management to the residential properties newly developed by Dexin Group to based on the development plan of Dexin Group.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend in relation to the Dexin China Smart Community Solutions Services during the Track Record Period;

- the existing contracts under which we are engaged by Dexin Group to provide the Dexin China Smart Community Solutions Services. As of the Latest Practicable Date, we were contracted to provide Dexin China Smart Community Solutions Services (in relation to smart hardware) to seven projects developed and owned by Dexin Group and approximately RMB3.4 million would be recognized from such existing contracts in 2021;

- the fees charged for the provision of comprehensive smart community solution services during the Track Record Period based on the property nature and the complexity of projects; and

- the expected demand for the Dexin China Smart Community Solutions Services for the properties to be developed by Dexin Group for the three years ending December 31, 2023. It is estimated that we will provide Dexin China Smart Community Solution Services to 17, 22 and 25 projects newly developed and owned by Dexin Group for the three years ending December 31, 2023.

The increase in the proposed annual caps as compared to the historical transaction amounts is primarily due to the rapid business expansion of our smart community solution services and the increasing demand of smart community solutions services from Dexin Group.

Dexin China is a 30%-controlled company (as defined in the Listing Rules) of Mr. Hu, one of our Controlling Shareholders and Dexin China and its subsidiaries are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Dexin China Smart Community Solutions Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

b. Mr. Hu Smart Community Solutions Services

On June 23, 2021, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master smart community solutions services agreement (the "**Master Mr. Hu Smart Community Solutions Services Agreement**") with Mr. Hu (for and on behalf of the associates of Mr. Hu (excluding Dexin Group but including the associates of Dexin China), pursuant to which our Group agreed to provide Mr. Hu's Companies with smart community solutions with hardware and software that integrate, among other things, visitor management, traffic control, carpark management, security control, energy conservation and fire control capabilities for properties developed by Mr. Hu's Companies (the "**Mr. Hu Smart Community Solutions Services**"). The Master Mr. Hu Smart Community Solutions Services Agreement has a term commencing from the Listing Date to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Mr. Hu Smart Community Solutions Services agreements to be entered into between members of our Group and Mr. Hu's Companies shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Mr. Hu Smart Community Solutions Services Agreement.

For the three years ended December 31, 2020, the transaction amounts for the Mr. Hu Smart Community Solutions Services provided by our Group to Mr. Hu's Companies amounted to approximately RMB0.9 million, RMB2.2 million and RMB14.4 million, respectively. The transaction amount in 2020 increased substantially due to the increasing demand of comprehensive smart community solutions for the commercial complexes developed by Mr.

Hu's Companies where automated, intelligent and technology driven programs that cover various aspects of community management is required and our sales of such comprehensive smart community solutions to Mr. Hu's Companies have been increased in 2020.

The fees to be charged for the Mr. Hu Smart Community Solutions Services shall be determined on arm's length basis with reference to (i) the location and the conditions of the properties; (ii) the costs for research and development; (iii) the scope of services; (iv) the anticipated operational costs (including labor costs and material costs); (v) the rates offered by us to Independent Third Parties in respect of comparable services; and (vi) the fees for similar services in the market.

It is estimated that the maximum annual fees payable by Mr. Hu's Companies in relation to the Mr. Hu Smart Community Solutions Services for each of the three years ending December 31, 2023 will not exceed RMB26.5 million, RMB26.7 million and RMB28.0 million, respectively. The increase in the annual cap for the Mr. Hu Smart Community Solutions Services for the year ending December 31, 2021 as compared to the historical transaction amount for the year ended December 31, 2020 is mainly because the demand for the Mr. Hu Smart Community Solutions Services from Mr. Hu's Companies is expected to further increase, taking into account (i) the existing contracts under which we are engaged by Mr. Hu's Companies to provide the Mr. Hu Smart Community Solutions Services; and (ii) the expected increase in number of the projects to be developed by Mr. Hu's Companies for which we anticipate we will be engaged to provide the Mr. Hu Smart Community Solutions Services to 21 projects in 2021 based on the development plan of Mr. Hu's Companies.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend in relation to the Mr. Hu Smart Community Solution Services during the Track Record Period;

- the existing contracts under which we are engaged by Mr. Hu's Companies to provide the Mr. Hu Smart Community Solutions Services. As of the Latest Practicable Date, we were contracted to provide Mr. Hu Smart Community Solutions Services (in relation to smart hardware) to seven projects developed and owned by Mr. Hu's Companies and approximately RMB3.8 million would be recognized from such existing contracts in 2021;

- the fees to be charged for the provision of smart community solution services based on the property nature and the complexity of projects; and

- the expected demand for the Mr. Hu Smart Community Solutions Services for the properties to be developed and owned by Mr. Hu's Companies for the three years ending December 31, 2023. It is estimated that we will provide Mr. Hu Smart Community Solution Services to 21, 22 and 25 projects newly developed and owned by Mr. Hu's Companies for the three years ending December 31, 2023.

The increase in the proposed annual caps as compared to the historical transaction amounts is primarily due to the rapid business expansion of our smart community solution services and the increasing demand of smart community solutions services from Dexin China Associates.

Mr. Hu is one of our Controlling Shareholders and his associates are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Mr. Hu Smart Community Solutions Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since the Dexin China Smart Community Solutions Services and the Mr. Hu Smart Community Solutions Services (the "**Smart Community Solutions Services**") are similar in nature, the transactions under the Master Dexin China Smart Community Solutions Services Agreement and the Master Mr. Hu Smart Community Solutions Services Agreement should be aggregated pursuant to the Listing Rules. The aggregated annual cap amounts in respect of the Smart Community Solutions Services are as follows:

	For the year ending December 31,		
	2021	**2022**	**2023**
	RMB'million	*RMB'million*	*RMB'million*
Annual cap			
Dexin China Smart Community Solutions Services	17.7	19.7	20.6
Mr. Hu Smart Community Solutions Services	26.5	26.7	28.0
Aggregate	**44.2**	**46.4**	**48.6**

Since each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the aggregated annual caps for the Smart Community Solutions Services is expected to be more than 5% on an annual basis, the transactions under the Dexin China Smart Community Solutions Services Agreement and the Mr. Hu Smart Community Solutions Services Agreement will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Dexin Holdings Serviced Apartment Operational Services

On June 23, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a master serviced apartment operational agreement (the "**Master Dexin Holdings Serviced Apartment Operational Services Agreement**") with Dexin Holdings (for itself and on behalf of its subsidiaries), pursuant to which our Group agreed to provide Dexin Holdings and its subsidiaries ("**Dexin Holdings Group**") with serviced apartment operational services, including but not limited to formulation of marketing strategy, interior decoration designing services and formulation of standardized management procedures for serviced apartments developed by Dexin Holdings Group (the "**Dexin Holdings Serviced Apartment Operational Services**"). The Master Dexin Holdings Serviced Apartment Operational Services Agreement has a term commencing from the Listing Date to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The individual Dexin Holdings Serviced Apartment Operations Services agreements to be entered into between members of our Group and members of Dexin Holdings Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Master Dexin Holdings Serviced Apartment Operational Services Agreement.

We started to provide Dexin Holdings Serviced Apartment Operation Services in September 2020. Prior to our engagement in the provision of Dexin Holdings Serviced Apartment Operational Services, certain subsidiaries of Dexin Holdings were engaged in the provision of similar services to the serviced apartments developed by Dexin Holdings Group. Taking into account the future business plan of our Group in which we will continue to increase our efforts and devote more resources in our provision of Dexin Holdings Serviced Apartment Operational Services, our business strategy of being a comprehensive asset-light service provider, our relatively enrich and stable customer base and our familiarity with demand from property owners and residents in the properties under our management, our resources in the provision of Dexin Holdings Serviced Apartment Operational Services from years of accumulated management experience which would improve the occupancy rate of the serviced apartment projects and following the business negotiation between Dexin Holdings Group and our Group, Dexin Holdings Group decided to engage us to provide Dexin Holdings Serviced Apartment Operational Services since September 2020. For the year ended December 31, 2020, the transaction amount for the Dexin Holdings Serviced Apartment Operational Services provided by our Group to Dexin Holdings Group amounted to approximately RMB6.6 million.

The fees to be charged for the Dexin Holdings Serviced Apartment Operational Services shall be determined on arm's length basis with reference to (i) the size, location and positioning of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labor costs, administration costs and material cost); and (iv) the fees for similar services and types of properties in the market.

It is estimated that the maximum annual fees payable by Dexin Holdings Group in relation to the Dexin Holdings Serviced Apartment Operational Services for each of the three years ending December 31, 2023 will not exceed RMB20.9 million, RMB22.0 million and RMB23.1 million, respectively.

As of the Latest Practicable Date, we were contracted to provide Dexin Holdings Serviced Apartment Operational Services to 35 serviced apartment projects developed and owned by Dexin Holdings Group. The aforesaid annual caps are estimated based on the existing contracts signed between our Group and Dexin Holdings Group.

Dexin Holdings is owned as to approximately 91.61% by Mr. Hu and 8.39% by Ms. Wei, both our Controlling Shareholders and Dexin Holdings and its subsidiaries are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Dexin Holdings Serviced Apartment Operational Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since one or more of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Dexin Holdings Serviced Apartment Operational Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Dexin Holdings Serviced Apartment Operational Services Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) APPLICATION FOR WAIVER

The transaction described in "—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Circular and Independent Shareholders' Approval Requirements" in this section constitutes our continuing connected transaction under the Listing Rules, which is subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements of the Listing Rules.

The transactions described in "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular 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, circular and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with 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 Circular and Independent Shareholders' Approval Requirements"; and the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular 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 annual caps as stated above. Apart from the above waivers sought on the strict compliance of the announcement, circular 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, are of the view 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 Circular and Independent Shareholders' Approval Requirements" and "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section have been and will be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

(F) SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view (i) that the continuing connected transactions described in "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Circular and Independent Shareholders' Approval Requirements" and "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section have been and will be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps in relation thereto are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board currently consists of six Directors comprising three executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The following table sets forth certain information in respect of members of our Board and senior management of our Company:

Members of our Board

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities in our Group
Mr. Hu Yiping (胡一平)	54	March 29, 2004	October 22, 2020	Executive Director and chairman of our Board	Responsible for the overall operational management of business development and strategic planning of our Group
Mr. Tang Junjie (唐俊杰)	46	November 5, 2018	October 22, 2020	Executive Director and president	Responsible for the formulation and implementation of the business strategy, annual operation planning and financial planning of our Group
Ms. Zhu Xiaoli (朱曉莉)	44	August 15, 2016	October 22, 2020	Executive Director and assistant to the president	Responsible for the overall supervision and management of financial affairs of our Group

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities in our Group
Mr. Jia Shenghua (賈生華)	59	June 21, 2021	June 21, 2021	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group
Mr. Rui Meng (芮萌)	53	June 21, 2021	June 21, 2021	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group
Mr. Yang Xi (楊熙)	41	June 21, 2021	June 21, 2021	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group

Members of our senior management

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Group	Roles and responsibilities in our Group
Mr. Liu Yibing (劉義兵)	43	March 1, 2006	June 8, 2015	Executive vice president	Responsible for the operation and management of the investment development center and enterprise business department of our Group and overseeing our operations in Zhejiang district

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Group	Roles and responsibilities in our Group
Mr. Zheng Mingjun (鄭明軍)	46	November 6, 2017	November 6, 2017	Vice president	Responsible for the management of the quality control system and management of information technology center of our Group and overseeing our operations in Southern China district
Mr. Chen Xin (陳昕)	38	October 1, 2013	July 10, 2018	Assistant to the president	Responsible for brand building, business development and management of value-added services sector of our Group
Ms. Kan Qian (闞倩)	28	July 27, 2020	July 27, 2020	Assistant to the president and general manager of Central China district	Responsible for assisting with our president in handling daily affairs of our Group and overseeing our operations in Central China district
Mr. Zhao Hui (趙暉)	42	October 9, 2020	October 9, 2020	Chief financial officer	Responsible for the operation of financial affairs and promotion of the strategic business objectives of our Group

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Group	Roles and responsibilities in our Group
Ms. Zhao Lixiang (趙麗湘)	42	June 24, 2013	June 24, 2013	Chief human resources and administration officer	Responsible for the management of human resources and administration affairs, development of the enterprise culture and development of human resources service system of our Group

Executive Directors

Mr. Hu Yiping (胡一平), aged 54, was appointed as our Director on October 22, 2020 and was re-designated as our executive Director and appointed as the chairman of our Board on December 31, 2020. He is responsible for the overall operational management of business development and strategic planning of our Group. Mr. Hu served as executive director of Shengquan Property from March 2004 to December 2004 and consecutively served as the executive director, the chairman of the board and the director from April 2013 to September 2020, primarily responsible for its major business decisions.

Mr. Hu has over 25 years of experience in the PRC real estate industry and property management. From January 1987 to August 1995, Mr. Hu worked at Deqing County Construction Surveying Design Studio (德清縣建築勘察設計所), a PRC government authority responsible for planning of urban and rural development and construction, where he consecutively served as a technician for the survey and design office, the assistant engineer and the engineer mainly responsible for design work. He established Dexin Real Estate Group Co., Ltd. (德信地產集團有限公司) (formerly known as Zhejiang Dexin Real Estate Co., Ltd. (浙江德信置業有限公司) and Deqing County Real Estate Co., Ltd (德清縣中房置業有限公司)) in September 1995 and has been the director and chairman of the board of directors of since then, mainly responsible for its overall development, investment strategies and major business decisions. He has been an executive director and the chairman of the board of Dexin China since August 2018, primarily responsible for its overall development, investment strategies and major business decisions.

Mr. Hu graduated from Zhejiang School of Construction (浙江省建築工業學校) in the PRC in January 1987 with a diploma's degree in civil engineering specialty, and from Zhejiang Yucai Workers' University (浙江育才職工大學) in the PRC in June 1995 with an associate's degree in architecture. He obtained his bachelor's degree in financial management (online course) from Tianjin University (天津大學) in the PRC in 2013 and obtained his executive master of business administration (EMBA) from Xiamen University (廈門大學) in the PRC in September 2018. He obtained a qualification for senior economist (高級經濟師) issued by Zhejiang Human Resources and Social Security Department (浙江省人力資源和社會保障廳) in December 2007. He also obtained a qualification for engineer issued by Huzhou Personnel Department (湖州市人事局) in September 1996. Currently, Mr. Hu is the president of Zhejiang Real Estate Industry Association (浙江省房地產協會) and the chairman of Huzhou Chamber of Commerce in Hangzhou (杭州市湖州商會).

Mr. Tang Junjie (唐俊杰), aged 46, was appointed as our Director on October 22, 2020 and was re-designated as our executive Director and appointed as our president on December 31, 2020. He is responsible for the formulation and implementation of the business strategy, annual operation planning and financial planning of our Group. Mr. Tang joined our Group as the chairman of the board and general manager of Shengquan Property in November 2018 where he was primarily responsible for the formulation and implementation of the business strategy, annual operation and financial planning.

Prior to joining our Group, Mr. Tang worked at Wenzhou Planning Bureau of Zhejiang Province (浙江省溫州市規劃局) (now known as Wenzhou Natural Resources and Planning Bureau (溫州市自然資源和規劃局)), where he served various positions from August 1996 to January 2013, the deputy division chief of the municipal office, primarily responsible for urban comprehensive transportation system, urban planning and engineering approval, and the deputy director-general of Longwan Branch, where he was mainly responsible for detailed planning of the city and construction engineering approval. From January 2013 to March 2018, he worked at Wenzhou High and New Technology Industrial Development Zone (溫州市高新技術產業開發區), where he consecutively served as the deputy director and the director of the land planning office at the Management Committee of the Science and Technology Park of Wenzhou High-Tech Zone (溫州市高新區科技園管委會), where he was mainly responsible for land use planning and management and urban management; the division chief at the Industrial Planning Division of Wenzhou High-Tech Zone (溫州市高新區產業規劃處), where he was mainly responsible for strategic planning of the management committee and investment and operation of the high-tech industries; the director-general of the Planning and Construction of Wenzhou South Zhejiang Science and Technology City (溫州市浙南科技城規劃建設局), where he was mainly responsible for land development and utilization, spatial planning, implementation and management of the construction projects. From March 2018 to October 2020, he worked at Dexin Holdings as assistant to the chairman of the board, where he was mainly responsible for strategic investment and operation of the property management sector.

Mr. Tang obtained his bachelor's degree in civil engineering and architectural engineering from Zhejiang University (浙江大學) in the PRC in July 1996. He obtained his master's degree in public administration from Tongji University (同濟大學) in the PRC in November 2005. Mr. Tang was awarded as the "2019 Top 100 China Property Manager" (2019中國物業經理人100強) in 2019 and "2020 Top 50 China Property Manager Election of the Yangtze River Delta Region (the Fourth)" (2020(第四屆)中國物業經理人評選長三角50強) in December 2020. Mr. Tang obtained a qualification for Engineer of Urban Planning (城市規劃工程師) issued by Wenzhou Engineering Technician Position Second Review Committee (溫州市工程技術人員職務第二評審委員會) in November 2001. Mr. Tang obtained a qualification for Registered Urban Planner (註冊城市規劃師) issued by MOHURD in January 2014.

Ms. Zhu Xiaoli (朱曉莉), aged 44, was appointed as our Director on October 22, 2020 and was re-designated as our executive Director on December 31, 2020. She is responsible for the overall supervision and management of financial affairs of our Group. Ms. Zhu joined our Group in August 2016 as the financial director and assistant to the general manager of Shengquan Property, where she was primarily responsible for the overall supervision and management of financial affairs.

Ms. Zhu has over 18 years of experience in auditing and financing. Prior to joining our Group, from July 2002 to April 2005 and from May 2005 to November 2011, she worked consecutively at Zhejiang Wenhua Auction Co., Ltd. (浙江文華拍賣有限公司), an auction company, and Zhejiang Wenhua Holding Co., Ltd. (浙江文華控股有限公司), an asset management company, where she served as financial manager mainly responsible for the overall management of the accounting department. From December 2011 to May 2014, she worked at Zhong'an Group Co., Ltd. (眾安集團有限公司), a company principally engaged in real estate development, hotel and restaurant management and investment consulting, where she worked as the financial and audit supervisor of audit department mainly responsible for the overall auditing of the company and its subsidiaries, inspection and supervision of execution of the financial regulations. From June 2014 to August 2016, she worked at Dexin Holdings as the audit manager, where she was mainly responsible for assisting person in charge of the audit risk control center with auditing system, auditing process and annual auditing plan.

Ms. Zhu obtained her bachelor's degree in economics from Zhejiang Academy of Finance & Economics (浙江財經學院) (now known as Zhejiang University of Finance & Economics (浙江財經大學)) in the PRC in July 1999. Ms. Zhu obtained her bachelor's degree in civil engineering (engineering management) from Zhejiang University (浙江大學) in the PRC through distance learning in February, 2017.

Independent non-executive Directors

Mr. Jia Shenghua (賈生華), aged 59, was appointed as our independent non-executive Director on June 21, 2021 and is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Jia served as a lecturer from July 1989 to July 1991 and as an associate professor from September 1991 to February 1995 at School of Economics and Management of Northwest Agricultural University (西北農業大學), where he was primarily engaged in teaching and research of land economic management. From March 1995 to November 1996, he worked as an associate professor at School of Business Administration of Zhejiang University (浙江大學) and has been a professor since December 1996 and tutor of doctoral students since December 1999.

In addition to the working experience above, Mr. Jia has been serving as independent director or independent non-executive director of the following listed companies:

Period of service	Name of company	Principal business, place of listing and stock code	Position(s)
Since June 2006	Greentown China Holdings Limited (綠城中國控股有限公司)	A real estate company listed on the Main Board of the Stock Exchange (stock code: 3900)	Independent non-executive director, a member of the remuneration committee and the nomination committee, and the chairman of the remuneration committee
Since May 2015	Hangzhou Binjiang Real Estate Group Co., Ltd. (杭州濱江房產集團股份有限公司)	A real estate company listed on the Shenzhen Stock Exchange (stock code: 002244)	Independent director
Since December 2018	Nacity Property Service Group Co., Ltd. (南都物業服務集團股份有限公司)	A property management company listed on the Shanghai Stock Exchange (stock code: 603506)	Independent director

Mr. Jia obtained his bachelor's degree in agricultural economics and management from the Northwest A&F University (西北農學院) in the PRC in July 1983. He obtained his doctor's degree through successive postgraduate and doctoral program in agricultural economics and management from the Northwest Agricultural University (西北農業大學) in the PRC in July 1989. He has been a director of Zhejiang University Property Research Center (浙江大學房地產研究中心) since December 2000.

Mr. Jia was a director and shareholder of Anji Zhejiang University Young Professor Science and Technology Pioneer Park Co., Ltd. (安吉浙大青年教授科技創業園有限公司) whose business license was revoked on December 27, 2013. He confirmed that, to the best of his knowledge and belief, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the revocation of the above company.

Mr. Rui Meng (芮萌), aged 53, was appointed as our independent non-executive Director on June 21, 2021 and is primarily responsible for providing independent advice on the operations and management of our Group.

He has been a Professor in Accounting since January 2012 and a Parkland Chair in Finance (鵬瑞集團金融學教席教授) since March 2019 at China Europe International Business School (中歐國際工商學院). From October 2015 to October 2019, he served as the Zhongkun Group Chair in Finance (中坤集團金融學教席教授) at China Europe International Business School.

In addition to the working experience above, Mr. Rui served or has been serving as independent director or independent non-executive director of the following listed companies:

Period of service	Name of company	Principal business, place of listing and stock code	Position(s)
From November 2014 to May 2020	Shanghai Winner Information Technology Co., Inc. (上海匯納科技股份有限公司)	A technological company listed on the Shenzhen Stock Exchange (stock code: 300609)	Independent director and the chairman of the audit committee
From September 2015 to September 2018	Midea Group Co., Ltd. (美的集團股份有限公司)	A technological company listed on the Shenzhen Stock Exchange (stock code: 000333)	Independent director
From June 2015 to June 2021	COSCO Shipping Energy Transportation Co., Ltd. (中遠海運能源股份有限公司)	An energy company listed on the Main Board of the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026)	Independent director and a member of the audit committee

Period of service	Name of company	Principal business, place of listing and stock code	Position(s)
Since April 2017	Shang Gong Group Co., Ltd. (上工申貝(集團)股份有限公司)	A machinery company listed on the Shanghai Stock Exchange (stock code: 600843)	Independent director
Since August 2017	China Education Group Holdings Limited (中國教育集團控股有限公司)	An education company listed on the Main Board of the Stock Exchange (stock code: 839)	Independent non-executive director and the chairman of the audit committee
Since May 2018	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司)	A property management company listed on the Main Board of the Stock Exchange (stock code: 6098)	Independent non-executive director and the chairman of the audit committee
Since May 2019	Landsea Green Group Co, Ltd. (朗詩綠色集團有限公司)	A real estate company listed on the Main Board of the Stock Exchange (stock code: 106)	Independent non-executive director and the chairman of the audit committee

Notwithstanding Mr. Rui's engagement as an independent non-executive director of four companies listed on the Stock Exchange, as advised and confirmed by Mr. Rui, he has sufficient time to act as an independent non-executive Director based on the following:

(i) Other than serving as Professor in Accounting at China Europe International Business School, Mr. Rui has not taken up any full time employment in any capacity except serving as an independent non-executive director in the above listed companies. With his background and experience, Mr. Rui is fully aware of the responsibilities and expected time involvements for serving as independent non-executive director. He has not found difficulties in devoting to and managing his time to these companies and he is confident that with his experience in being responsible for multiple roles, he will be able to discharge his duties to our Company; and

(ii) Mr. Rui's role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business, thus his engagement as an independent non-executive Director will not require his full-time participation.

Based on the foregoing, our Directors do not have reasons to believe that the various positions currently held by Mr. Rui will result in Mr. Rui not having sufficient time to act as an independent non-executive Director or not properly discharging his fiduciary duties as a director of our Company.

Mr. Rui obtained his bachelor's degree in international economics from the Institute of International Relations in Beijing (中歐國際工商學院) in the PRC in July 1990. He received a master of science in economics from Oklahoma State University in the United States as well as a master of business administration degree and a doctor of philosophy degree in business administration from the University of Houston in the United States in May 1993, December 1996 and August 1997, respectively. Mr. Rui has been professional designated as a Certified Financial Analyst by the Association for Investment Management and Research since September 2000 and a Financial Risk Manager by the Global Association of Risk Professionals since April 2010.

Mr. Yang Xi (楊熙), aged 41, was appointed as our independent non-executive Director in June 21, 2021 and is primarily responsible for providing independent advice on the operations and management of our Group.

From February 2008 to January 2015, he worked at Beijing Yisheng Leju Information Services Ltd. (北京怡生樂居信息服務有限公司), a real estate online to offline service provider and a company listed on New York Stock Exchange (stock code: LEJU), where he served as editor-in-chief mainly responsible for publication editing of the websites. From January 2015 to February 2019, he worked at Shanghai Weimi Business Information Consulting Co., Ltd. (上海帷米商務信息諮詢有限公司), a company primarily engaged in business information consulting, where he served as the chief operating officer mainly responsible for operation and management of the company. Since February 2019, he has been working at Beijing Zhongwuyanxie Information Technology Co., Ltd. (北京中物研協信息科技有限公司), a company primarily engaged in information technology, where he served as the general manager mainly responsible for management of the company.

Mr. Yang obtained his bachelor's degree of arts from Beijing Technology and Business University (北京工商大學) in the PRC in June 2001. Mr. Yang has been serving as the deputy secretary general of China Property Management Institute (中國物業管理協會) since July 2019.

Mr. Yang was a supervisor and shareholder of Beijing Tianlun Real Estate Brokerage Co., Ltd. (北京天倫房地產經紀有限公司) whose business license was revoked on December 30, 2008. He confirmed that, to the best of his knowledge and belief, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the revocation of the above company.

Save as disclosed above and in this prospectus, each of our Directors had no other relationship with any Directors, senior management, substantial shareholders or controlling shareholders of our Company and none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this prospectus.

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 was no other information relating to his/her appointment which is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our executive Directors and other members of our senior management are responsible for the day-to-day operations and management of the business of our Group. For the biographical details of our executive Directors, please refer to "Executive Directors" in this section.

Mr. Liu Yibing (劉義兵) aged 43, was appointed as our executive vice president in June 2015 and is primarily responsible for the operation and management of the investment development center and enterprise business department of our Group and overseeing our operations in Zhejiang district. He joined our Group as the manager of the marketing department of Shengquan Property in March 2006, primarily responsible for management of the marketing department.

Mr. Liu has over 14 years of experience in property management. Prior to joining our Group, Mr. Liu worked at Hangzhou Lvheng Property Management Co., Ltd. (杭州綠恒物業管理有限公司), a property management company.

In addition, Mr. Liu served in several subsidiaries of our Group. From March 2006 to June 2015, he consecutively served as manager of the marketing department, regional manager of Hangzhou district, manager and vice general manager of Shengquan Property and as its executive deputy general manager since June 2015. Since June 2015, he also serves as the director and general manager of Zhejiang Shengquan Security Services Co., Ltd. (浙江盛全保安服務有限公司). Besides, Mr. Liu has been serving as the person in charge of several branch offices of Shengquan Property since October 2013, where he is mainly responsible for the overall operation.

Mr. Liu obtained his associate's degree in tourism management from West Anhui University (皖西學院) in the PRC in July 1999.

Mr. Zheng Mingjun (鄭明軍) aged 46, was appointed as our vice president in November 2017 and is responsible for the management of the quality control system and management of information technology center of our Group and overseeing our operations in Southern China district. He joined our Group in November 2017 as the deputy general manager of Shengquan Property and the general manager of Wenzhou Shengquan, primarily responsible for management of the information technology center and overseeing the operations of the companies.

Mr. Zheng has over 20 years of experience in property management. Prior to joining our Group, from February 2000 to August 2007, Mr. Zheng worked at Shenzhen Hualian Property Group Co., Ltd. (深圳市華聯物業集團有限公司), a property management company, where he served as director and manager mainly responsible for project acceptance, project delivery, service improvement and other daily affairs. From September 2007 to August 2017, he worked at Shenzhen Zhiping Real Estate Consulting Co., Ltd. (深圳市之平房地產顧問有限公司) (now known as Shenzhen Zhipinzhike Enterprise Management Consulting Co., Ltd. (深圳市知品知客企業管理顧問有限公司)), a property development company, where he served as the general manager mainly responsible for business development, internal management and new product development.

Mr. Zheng obtained his bachelor's degree in property management from Jinan University (暨南大學) in the PRC in December 2008. He was conferred the qualification certificate of the certified property manager (物業管理師資格證) approved and authorized by the Ministry of Personnel of the PRC (中華人民共和國人力資源和社會保障部) and MOHURD in October 2010 and the registration certificate of the certified property manager (物業管理師註冊證) issued by MOHURD in February 2014.

Mr. Chen Xin (陳昕) aged 38, was appointed as an assistant to the president in July 2018 and is primarily responsible for brand building, business development and management of value-added services sector of our Group. He joined our Group in October 2013 as the planning manager, general manager of the third business department and assistant to general manager of Shengquan Property, primarily responsible for the project named "Shengquan Youjia" (盛全優家), for building smart community platform and expanding the community business cooperation.

Prior to joining our Group, from July 2005 to April 2010, he worked at Hangzhou Dukuai Newsreader Media Co., Ltd. (杭州都快讀報人傳媒有限公司) (formally known as Hangzhou Newsreader Advertising Media Co., Ltd. (杭州讀報人廣告傳媒有限公司) and Hangzhou Newsreader E-Commerce Co., Ltd. (杭州讀報人電子商務有限公司)), a company principally engaged in commercial operation, where he served as an account manager mainly responsible for planning and organization of reader activities. From May 2010 to March 2011, he worked at Zhejiang Transportation Travel Media Co., Ltd. (浙江交通旅遊傳媒有限公司), a company principally engaged in media events planning, where he served as a planning manager of the planning department mainly responsible for advertisement design and marketing plan. From November 2011 to September 2013, he worked at Hangzhou HONYAR Electrical Co., Ltd. (杭州鴻雁電器有限公司), an architectural electric products manufacturing enterprise, where he served as the manager of the public relations department mainly responsible for brand building, corporate culture promotion and media relationship maintenance.

Mr. Chen obtained his bachelor's degree in arts from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 2005.

Ms. Kan Qian (闞倩) aged 28, was appointed as the assistant to our president and general manager of Central China district in July 2020 and is primarily responsible for assisting with our president in handling daily affairs of our Group and overseeing our operations in Central China district. She joined our Group in July 2020 as the assistant to the chairman of the board of Shengquan Property and general manager of Central China district, primarily responsible for assisting with daily affairs of the chairman of the board of directors.

Prior to joining our Group, from July 2018 to July 2020, Ms. Kan worked at Dexin Holdings as a secretary to the chairman of the board where she was mainly responsible for assisting with chairman on handling daily affairs and administration affairs.

Ms. Kan obtained her bachelor's degree in financial management from Wuhan Bioengineering Institute (武漢生物工程學院) in the PRC in June 2016. She obtained the master of science degree in marketing from the Queen's University of Belfast in the United Kingdom in July 2018.

Mr. Zhao Hui (趙暉) aged 42, was appointed as our chief financial officer in October 2020 and is primarily responsible for the operation of financial affairs and promotion of the strategic business objectives of our Group.

Mr. Zhao has over 18 years of experience in auditing and financing. Prior to joining our Group, from August 2002 to February 2009, he worked at PricewaterhouseCoopers Zhongtian Co., Ltd. Guangzhou Branch (普華永道中天會計師事務所有限公司廣州分所) (now known as PricewaterhouseCoopers Zhongtian LLP, Guangzhou Branch (普華永道中天會計師事務所(特殊普通合伙)廣州分所)) with his last position served as the deputy manager of the audit department, where he was mainly responsible for auditing projects. From February 2009 to July 2012, he worked at Guangzhou Tuo'ou Consulting Co., Ltd. (廣州拓歐諮詢有限公司), a company principally engaged in international economics information consulting, scientific and technological information consulting, management consulting and marketing planning, where he served as the financing director mainly responsible for financing affairs. From August 2012 to December 2014, he worked at Guangzhou Huiqin Investment Consulting Co., Ltd. (廣州匯勤投資諮詢有限公司), where he served as a partner mainly engaged in investment and financing projects. From January 2015 to September 2020, he worked at PricewaterhouseCoopers Zhongtian LLP, Guangzhou Branch (普華永道中天會計師事務所(特殊普通合伙)廣州分所) with his last position served as the senior manager of the audit department, where he was mainly responsible for auditing projects.

Mr. Zhao obtained his two bachelor's degrees in resources and environment zoning and management and accounting from Sun Yat-sen University (中山大學) in the PRC in June 2001 and June 2002, respectively. Mr. Zhao was conferred the intermediate accountant (中級會計師) by Human Resources and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) in May 2011, the certified public accountant (註冊會計師) by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in April 2014 and the certified internal auditor (國際註冊內部審計師) authorized by the Institute of Internal Auditors (國際內部審計師協會) and issued by the China Institute of Internal Audit (中國內部審計協會) in November 2013.

Ms. Zhao Lixiang (趙麗湘), aged 42, was appointed as our chief human resources and administration officer in June 2013 and is primarily responsible for the management of human resources and administration affairs, construction of enterprise culture and development of human resources service system of our Group.

Ms. Zhao has over 21 years of experience in human resources and administration management. Prior to joining our Group, from January 2000 to December 2003, she worked at Huasheng Construction Group Co., Ltd. (華升建設集團有限公司), a company principally engaged in construction, where she served as the manager of the overseas business department mainly responsible for daily management of human resources. From January 2004 to July 2006, she worked at Zhejiang Jinke Daily Chemical Co., Ltd. (浙江金科日化原料有限公司), where she served as human resources manager mainly responsible for improvement of human resources policies and procedures and other daily affairs of human resources. From July 2006 to June 2010, she worked at Shaoxing Shangyu Jinjin Hotel Co., Ltd. (紹興市上虞金錦大酒店有限公司), where she served as the head of general manager office mainly responsible for the daily affairs of the general manager office. From July 2010 to September 2011, she served as the manager of administration and human resources department at Zhejiang Geshan Pinyue Travel Co., Ltd. (浙江歌山品悦旅業有限公司) (formally known as Zhejiang Geshan Pinyue Hotel Co., Ltd. (浙江歌山品悦大酒店有限公司)), where she was mainly responsible for the daily management of human resources and administration affairs. From October 2011 to July 2012 and from August 2012 to June 2013, she successively served as the human resources and administration director at Zhejiang Shimao Junlan Hotel Management Co., Ltd. (浙江世貿君瀾酒店管理有限公司) and Zhejiang Denghao Hotel Co., Ltd. (浙江登豪酒店有限公司), respectively, where she was mainly responsible for the daily management of human resources and administration affairs.

Ms. Zhao obtained her bachelor's degree in business management from Nankai University (南開大學) in the PRC through distance learning in July 2018. She obtained the human resources management division (Level 1) (企業人力資源管理人員一級) issued by the Occupational Skill Testing Authority of the Ministry of Human Resources and Social Security (人力資源和社會保障部職業技能鑑定中心) in November 2015.

COMPANY SECRETARY

Ms. So Shuk Yi Betty (蘇淑儀), was appointed as our company secretary on May 31, 2021. Ms. So currently serves as a vice president of SWCS Corporate Services Group (Hong Kong) Limited, a corporate service provider. She has over 20 years of experience in the field of company secretary. Ms. So obtained a master's degree in Chinese and Comparative Law from the City University of Hong Kong in 2004 and a master's degree in business administration from the University of Leicester (long distance learning course) in 1999. Ms. So is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom since 1997.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit committee

Our Group has established the Audit Committee on June 21, 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Rui Meng, Mr. Jia Shenghua and Mr. Yang Xi. Mr. Rui Meng has been appointed as the chairman of the Audit Committee, and Mr. Rui Meng has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to: (i) assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration committee

Our Group has established the Remuneration Committee on June 21, 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. Jia Shenghua, Mr. Tang Junjie and Mr. Rui Meng. Mr. Jia Shenghua has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination committee

Our Group has established the Nomination Committee on June 21, 2021 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Hu Yiping, Mr. Jia Shenghua and Mr. Rui Meng. Mr. Hu Yiping has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to: (i) reviewing the structure, size and composition of our Board; (ii) assessing the independence of independent non-executive Directors; and (iii) making recommendations to our Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code. Our Company is committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of our Board. Our Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. Our Directors have a balanced mix of experiences, including operation and management of real estate and property management companies, urban planning, land economic management, financing and auditing. Furthermore, the ages of our Directors range from 41 year's old to 59 year's old. The education background of our Directors ranges from civil engineering, business administration, public administration, chrematistics, agricultural economics and management, international economics to journalism and communication.

After Listing, the Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. Our Directors recognize the particular importance of gender diversity and that gender diversity at the Board level can be improved given the majority of the Directors of the Board is male.

Nevertheless, with a view to developing a pipeline of potential successors to our Board that may meet the target gender diversity, our Group will (i) continue to apply the principle of appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff at a mid to senior level with regard to the benefits of gender diversity; and (iii) engage more resources in training female staff who we consider having the suitable experience, skills and knowledge for our business to equip themselves with the attributes and competencies required to serve as members of our Board in light of our strategic needs and the industry in which we operate with the aim of promoting them to our Board in a few years' time.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, housing allowance, contributions to a retirement benefit scheme and discretionary bonuses. The aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, retirement benefits scheme, allowance and other benefits in kind) paid to our Directors for the three years ended December 31, 2020 was approximately RMB0.32 million, RMB1.03 million and RMB1.21 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of wages, salaries, bonuses, pension costs, housing funds, medical insurance and other social insurances paid to our five highest paid individuals for the three years ended December 31, 2020 was approximately RMB1.80 million, RMB2.28 million and RMB2.59 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the year ended December 31, 2018, 2019 and 2020. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2021 is estimated to be no more than RMB2.6 million. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPLIANCE ADVISOR

Our Company has appointed Giraffe Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;

- where a transaction, which might be a notifiable or connected transaction, is contemplated, including shares issues and share repurchases;

- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment of our compliance advisor shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of interest	Shares held as of the date of this prospectus and immediately prior to the completion of the Capitalization Issue and Global Offering(1)		Shares held immediately following the completion of the Capitalization Issue and Global Offering(1)	
		Number	Approximate Percentage(4)	Number	Approximate Percentage(4)
Shengfu International(2)	Beneficial owner	743 (L)	70.56%	529,202,279 (L)	52.92%
Mr. Hu(2)	Interest in controlled corporation	743 (L)	70.56%	529,202,279 (L)	52.92%
Ms. Wei(2)	Interest of spouse	743 (L)	70.56%	529,202,279 (L)	52.92%
Kaibang International	Beneficial owner	182 (L)	17.28%	129,629,630 (L)	12.96%
HK Mei Lun(3)	Beneficial owner	75 (L)	7.12%	53,418,803 (L)	5.34%
Ms. Shen Yuehua(3)	Interest in controlled corporation	75 (L)	7.12%	53,418,803 (L)	5.34%
Mr. Jin Liang(3)	Interest of spouse	75 (L)	7.12%	53,418,803 (L)	5.34%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Shengfu International is owned as to 92% by Mr. Hu and 8% by Ms. Wei, the spouse of Mr. Hu. By virtue of the SFO, Mr. Hu and Ms. Wei are deemed to be interested in the Shares held by Shengfu International.

(3) HK Mei Lun is owned as to approximately 93.9% by Ms. Shen Yuehua and 6.1% by Mr. Jin Liang, the spouse of Ms. Shen Yuehua. By virtue of the SFO, Ms. Shen Yuehua and Mr. Jin Liang are deemed to be interested in the Shares held by HK Mei Lun.

(4) Shareholding percentages in this table may not add up to 100% due to rounding.

If the Over-allotment Option is fully exercised, the interest of each of Shengfu International, Kaibang International and HK Mei Lun in our Shares will be approximately 51.01%, 12.49% and 5.15%, respectively.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme):

		Nominal value
		(HK$)
Authorized share capital:		
5,000,000,000	Shares of HK$0.01 each	50,000,000
Issued and to be issued, fully paid or credited as fully paid:		
1,053	Shares in issue as of the date of this prospectus	10.53
749,998,947	Shares to be issued pursuant to the Capitalization Issue	7,499,989.47
250,000,000	Shares to be issued under the Global Offering	2,500,000
1,000,000,000	**Total**	10,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Capitalization Issue and the Global Offering are made. It takes no account of any Shares which may be alloted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or any Shares which may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buy back Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalization Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in "Statutory and General Information—D. Share Option Scheme" in Appendix IV to this prospectus.

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total number of issued shares of not more than the sum of:

(1) 20% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and

(2) the total number of Shares bought back by our Company (if any) pursuant to the general mandate to buy back Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement or on the exercise of any options which may be granted under the Share Option Scheme.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the expiration of the period within the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in "Statutory and General Information—A. Further Information about Our Company—5. Written resolutions of our Shareholders passed on June 21, 2021" in Appendix IV to this prospectus.

GENERAL MANDATE TO BUYBACK SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be alloted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate only relates to buybacks made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information—A. Further Information about Our Company—7. Buyback by our Company of our own securities" in Appendix IV to this prospectus.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in "Statutory and General Information—A. Further Information about Our Company—5. Written resolutions of our Shareholders passed on June 21, 2021" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, each of which carries the same rights as the other Shares.

As a matter of the Cayman Islands Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in "Summary of the constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

THE CORNERSTONE PLACING

We have entered into three cornerstone investment agreements (the "**Cornerstone Investment Agreements**", and each a "**Cornerstone Investment Agreement**") with three cornerstone investors (the "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price a certain number of Offer Shares with certain investment amount (the "**Cornerstone Placing**").

The Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be subscribed for an aggregate amount of approximately HK$115.8 million (inclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), calculated based on an exchange rate of HK$1.00:RMB0.8289.

Assuming an Offer Price of HK$3.44 (being the high-end of the indicative Offer Price range), the total number of Offer Shares subscribed for under the Cornerstone Placing would be 33,328,000 Offer Shares, representing approximately 13.33% of the Offer Shares under the Global Offering and approximately 3.33% of the Shares in issue immediately upon completion of the Global Offering, in each case assuming the Over-allotment Option is not exercised and without taking into account any options that may be granted under the Share Option Scheme; representing approximately 11.59% of the Offer Shares under the Global Offering and approximately 3.21% of the Shares in issue immediately upon completion of the Global Offering, in each case assuming the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$3.05 (being the mid-point of the indicative Offer Price range), the total number of Offer Shares subscribed for under the Cornerstone Placing would be 37,591,000 Offer Shares, representing approximately 15.03% of the Offer Shares under the Global Offering and approximately 3.76% of the Shares in issue immediately upon completion of the Global Offering, in each case assuming the Over-allotment Option is not exercised and without taking into account any options that may be granted under the Share Option Scheme; representing approximately 13.07% of the Offer Shares under the Global Offering and approximately 3.62% of the Shares in issue immediately upon completion of the Global Offering, in each case assuming the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$2.66 (being the low-end of the indicative Offer Price range), the total number of Offer Shares subscribed for under the Cornerstone Placing would be 43,101,000 Offer Shares, representing approximately 17.24% of the Offer Shares under the Global Offering and approximately 4.31% of the Shares in issue immediately upon completion of the Global Offering, in each case assuming the Over-allotment Option is not exercised and without taking into account any options that may be granted under the Share Option Scheme; representing approximately 14.99% of the Offer Shares under the Global Offering and approximately 4.16% of the Shares in issue immediately upon completion of the Global Offering, in each case assuming the Over-allotment Option is fully exercised.

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 published by our Company on or around July 14, 2021.

The Cornerstone Placing will form part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Shares then in issue upon completion of the Global Offering and to be listed on the Stock Exchange and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder of our Company (as defined under the Listing Rules).

The Offer Shares to be subscribed by the Cornerstone Investors account for less than 50% of the total number of the Offer Shares under the Global Offering. As such, the Offer Shares to be subscribed by the Cornerstone Investors may not be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering even in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation" in this prospectus. There will be no delayed delivery or deferred settlement of the Offer Shares to be subscribed by the Cornerstone Investor pursuant to the respective Cornerstone Investment Agreements. Consideration payable by each of the Cornerstone Investors will be settled before Listing.

To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party and is independent from our Company, our connected persons and their respective associates and they are not our existing Shareholders. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial Shareholder. In addition, to the best knowledge of our Company, the Cornerstone Investors are independent from each other and makes its own independent investment decisions.

To the best knowledge of the Company, (i) there is no side agreement or arrangement between the Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing; (ii) none of the Cornerstone Investors are accustomed to take instructions from the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors are financed by the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates.

Each of the Cornerstone Investors expects to fund its subscription under the Cornerstone Placing by its own internal resources. No special rights have been granted to the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. None of the Cornerstone Investors or any of their affiliates, directors, officers, employees, agents or representatives, has accepted or entered into any agreement or arrangement to accept any direct or indirect benefits by side letter or otherwise, from the Company, any member of the Group, or any of their respective affiliates, directors, officers, employees, agents or representatives in the Global Offering or otherwise has engaged in any conduct or activity inconsistent with, or in contravention of, Guidance Letter HKEX-GL51-13.

CORNERSTONE INVESTORS

We have entered into the Cornerstone Investment Agreements with the following Cornerstone Investor in respect of the Cornerstone Placing:

Cornerstone Investor	Investment amount	Indicative Offer Price[2]	Number of Offer Shares to be subscribed for (rounded down to the nearest whole board lot)[1]	Approximate percentage of the Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentage of the Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentages of the Shares in issue immediately following the completion of the Global Offering (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following the completion of the Global Offering (assuming that Over-allotment Option is exercised)
JIC TRUST CO., LTD (中建投信托股份有限公司)[3]	RMB50 million	HK$3.44	17,359,000	6.94%	6.04%	1.74%	1.67%
		HK$3.05	19,579,000	7.83%	6.81%	1.96%	1.89%
		HK$2.66	22,449,000	8.98%	7.81%	2.24%	2.16%
Hangzhou Light Industrial Association Investment Group Co., Ltd. (杭州輕聯投資集團有限公司)[3]	RMB26 million	HK$3.44	9,026,000	3.61%	3.14%	0.90%	0.87%
		HK$3.05	10,181,000	4.07%	3.54%	1.02%	0.98%
		HK$2.66	11,673,000	4.67%	4.06%	1.17%	1.13%
Hangzhou Jintou Shenghan Investment Partnership (Limited Partnership) (杭州金投盛晗投資合伙企業(有限合伙))[3]	RMB20 million	HK$3.44	6,943,000	2.78%	2.41%	0.69%	0.67%
		HK$3.05	7,831,000	3.13%	2.72%	0.78%	0.75%
		HK$2.66	8,979,000	3.59%	3.12%	0.90%	0.87%

Notes:

1. Calculated based on an exchange rate of HK$1.00: RMB0.8289 for illustrative purpose. 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 1000 Shares.

2. Being the low-end, mid-point and high-end of the proposed Offer Price range set out in this prospectus, respectively.

3. Each of the Cornerstone Investor will subscribe the Offer Shares by a qualified domestic institutional investor (the "**QDII**") as the nominee of the relevant Cornerstone Investors, the relevant Cornerstone Investors will procure the QDII to comply with the terms of the cornerstone investment agreements in order to ensure the compliance of the relevant Cornerstone Investors with their obligations under the cornerstone investment agreements.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

JIC TRUST CO., LTD (中建投信托股份有限公司)

JIC TRUST CO., LTD (中建投信托股份有限公司) ("**JIC Trust**") is a company established in 1979 in the PRC with limited liability and is owned by China Jianyin Investment Ltd. (中國建銀投資有限責任公司) ("**JIC**") and Jiantou Holdings Co., Ltd. (建投控股有限責任公司) (a subsidiary of JIC) as to 90.05% and 9.95%, respectively. JIC is indirectly wholly-owned by China Investment Co., Ltd. (中國投資有限責任公司) and ultimately controlled by State Council. JIC Trust is a professional trust financing provider established under the approval of the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) and is principally engaged in the business of trust financing and wealth management services. For the purpose of this cornerstone investment, JIC Trust will engage Guotai Asset Management Co., Ltd. (國泰基金管理有限公司), an asset manager which is a QDII approved by the relevant PRC authorities, to subscribe for or purchase and hold such Offer Shares on its behalf.

The Company became acquainted with JIC Trust through the introduction of Dexin China as JIC TRUST was also a cornerstone investor of Dexin China, and the Company did not have any relationship with JIC Trust prior to that.

Hangzhou Light Industrial Association Investment Group Co., Ltd. (杭州輕聯投資集團有限公司)

Hangzhou Light Industrial Association Investment Group Co., Ltd. (杭州輕聯投資集團有限公司) ("**Hangzhou Light Association**") is a company established in PRC in 2011 with limited liability and is indirectly wholly-owned by Hangzhou Industrial Investment Group Co., Ltd. (杭州市實業投資集團有限公司) (which is ultimately owned as to 90% by State-owned Assets Supervision and Administration Commission of Hangzhou Municipal Government (杭州市人民政府國有資產監督管理委員會) and 10% by Zhejiang Provincial Department of Finance (浙江省財政廳)). Hangzhou Light Association is a professional investment company, with a focus on high-end manufacturing, life science and healthcare, digital economy and other industries and emerging services. For the purpose of this cornerstone investment, Hangzhou Light Association has engaged CCB Principal Asset Management Co., Ltd. (建信基金管理有限責任公司) ("**CCB Asset**"), an asset manager which is a QDII approved by the relevant PRC authorities, to subscribe for or purchase and hold such Offer Shares on its behalf.

CCB Asset is a member of the same group of companies as CCBI, which is the Sole Global Coordinator, a Joint Bookrunner and a Joint Lead Manager of the Global Offering. Accordingly, CCB Asset is a connected client of CCBI. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit CCB Asset to participate in the Global Offering in its capacity as the QDII manager subject to certain conditions.

The Company became acquainted with Hangzhou Light Association through business contact while its business development in Hangzhou as a reputable property management service provider, and the Company did not have any relationship with Hangzhou Light Association other than that.

Hangzhou Jintou Shenghan Investment Partnership (Limited Partnership) (杭州金投盛晗投資合伙企業(有限合伙))

Hangzhou Jintou Shenghan Investment Partnership (Limited Partnership) (杭州金投盛晗投資合伙企業(有限合伙)) ("**Hangzhou Jintou Shenghan**") is a limited partnership established in PRC in 2016. Hangzhou Jinyao Assets Management Co., Ltd. (杭州錦垚資產管理公司) ("**Hangzhou Jinyao**") is the general partner and Hangzhou Jintou Construction and Development Co., Ltd. (杭州市金投建設發展有限公司) ("**Jintou Construction**") is the limited partner of Hangzhou Jintou Shenghan, holding approximately 0.001% and 99.999% of its equity interests, respectively. Hangzhou Jinyao is ultimately owned as to 50% by Hangzhou Financial Investment Holdings Co. Ltd. (杭州市金融投資集團有限公司) ("**Hangzhou Jintou Group**") (which also ultimately holds 100% of the equity interests of Jintou Construction) and 50% by Zhejiang Basic Construction Investment Group Co., Ltd. (浙江省基礎建設投資集團股份有限公司) ("**Zhejiang Construction**"). Hangzhou Jintou Group is ultimately owned as to 90% by Hangzhou Municipal Government (杭州市人民政府) and 10% by Zhejiang Provincial Department of Finance (浙江省財政廳). To the best knowledge of the Company, Zhejiang Construction is ultimately controlled by Independent Third Parties. Hangzhou Jintou Shenghan is a professional investment company, with a focus on equity investment and provision of investment management services. For the purpose of this cornerstone investment, Hangzhou Jintou Shenghan has engaged CCB Asset, an asset manager which is a QDII approved by the relevant PRC authorities, to subscribe for or purchase and hold such Offer Shares on its behalf.

CCB Asset is a member of the same group of companies as CCBI, which is the Sole Global Coordinator, a Joint Bookrunner and a Joint Lead Manager of the Global Offering. Accordingly, CCB Asset is a connected client of CCBI. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit CCB Asset to participate in the Global Offering in its capacity as the QDII manager subject to certain conditions.

The Company became acquainted with Hangzhou Jintou Shenghan and Hangzhou Jintou Group through business contact while its business development in Hangzhou as a reputable property management service provider, and the Company did not have any business relationship with Hangzhou Jintou Shenghan or Hangzhou Jintou Group other than that.

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement) by no later than the time and date as specified in the Underwriting Agreements and not having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters);

(c) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares to be subscribed by the Cornerstone Investors as well as other waivers and approvals) and such approval, permission or wavier having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no laws having been enacted or promulgated by any government authority which prohibit the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there being no orders or injunctions from a governmental authority which in effect precludes or prohibits the consummation of such transactions; and

(e) the respective representations, warranties, undertakings, confirmations and acknowledgements of the relevant Cornerstone Investor and our Company under the relevant Cornerstone Investment Agreement being, at the relevant time, accurate and true in all respects and not misleading and there being no material breach of the relevant Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor or our Company, respectively.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed and undertaken that, without the prior written consent of our Company, the Sole Sponsor and the Sole Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock Up Restriction**"), among other things, dispose of (as defined in the respective Cornerstone Investment Agreements) any of the Offer Shares subscribed for by it pursuant to the respective Cornerstone Investment Agreements, save for transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of the Cornerstone Investors, including the Lock Up Restriction.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information set forth in our Accountant's Report in Appendix I to this prospectus. Our audited consolidated financial information was prepared in accordance with the HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The following discussion and analysis contain certain forward-looking statements which involve risks and uncertainties. These forward-looking statements are based on assumptions and analysis we made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a comprehensive property management service provider in Zhejiang Province. Headquartered in Hangzhou, and deeply rooted in the Yangtze River Delta Region, we have, through over 16 years of development, established an important market position in Zhejiang Province and are well-known in the PRC property management industry. According to CIA, in terms of GFA under management as of December 31, 2020, we had a market share of approximately 0.2% among the Top 100 Property Management Companies in the PRC and approximately 3.7% among the Top 100 Property Management Companies in the PRC headquartered in Zhejiang Province. We were awarded "Leading Property Management Service Provider in East China" (華東地區物業服務市場地位領先企業) by CIA in 2020. We have also expanded our business into cities in other parts of the PRC that we believe have high growth potential, primarily covering new first-tier and second-tier cities. As of December 31, 2020, we had a total of 175 properties under management with an aggregate GFA under management of 24.9 million sq.m., covering 24 cities across 7 provinces. We have been recognized as one of the Top 100 Property Management Companies in the PRC in terms of overall strength for eight consecutive years since 2014 with our ranking improved from 41st in 2014 to 25th in 2021, according to CIA.

We provide a wide range of services for both residential and non-residential properties through three business lines, namely, property management services, value-added services to non-property owners and community value-added services. Our close and extensive cooperation with Dexin Group, namely, Dexin China (which is listed on the Main Board of the Stock Exchange) and its subsidiaries, has driven our development since our inception and laid the foundation for our continuous growth. We possess strong business development capabilities and have a proven track record in securing engagements from independent third-party property developers to achieve organic growth and business expansion.

We experienced rapid growth during the Track Record Period. Our GFA under management grew from 18.8 million sq.m. as of December 31, 2018 to 20.7 million sq.m. as of December 31, 2019 and further to 24.9 million sq.m. as of December 31, 2020. Our revenue increased from RMB397.8 million in 2018 to RMB512.9 million in 2019 and further to RMB692.3 million in 2020, representing a CAGR of 31.9%, while our profit increased significantly from RMB22.5 million in 2018 to RMB50.6 million in 2019 and further to RMB105.8 million in 2020, representing a CAGR of 116.8%. According to CIA, we were ranked third in terms of profit growth in 2019 among the Top 100 Property Management Companies in the PRC headquartered in Zhejiang Province.

We believe that our market position in Zhejiang Province and our geographic focus on the Yangtze River Delta Region and cities in other regions with high growth potential have helped us achieve rapid growth in the past, and will continue to pave the path for our future growth and expansion.

BASIS OF PRESENTATION

Our Company was incorporated in Cayman Islands as an exempted company with limited liability on October 22, 2020. In preparation for the Global Offering, we underwent the Reorganization, as detailed in the "History, Reorganization and Corporate Structure" in this prospectus. Following the Reorganization, our Company became the holding company of all the subsidiaries currently constituting our Group.

The historical financial information has been prepared in accordance with the HKFRSs issued by the HKICPA. Immediately prior to and after the Reorganization, our business is conducted through our subsidiary, Shengquan Property and its subsidiaries and certain fellow subsidiaries controlled by Mr. Hu. Pursuant to the Reorganization, our subsidiaries and our business are transferred to and held by our Company. Our Company has not been involved in any other business prior to the Reorganization and does not meet the definition of a business. The Reorganization is merely a reorganization of our business with no change in management of such business and the ultimate owner of our business remains the same. Accordingly, the historical financial information is presented using our carrying values for all periods presented.

For more information on the basis of presentation and preparation of the historical financial information, see notes 1.3 and 2.1 to the Accountant's Report set forth in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been and will continue to be affected by a number of factors, which primarily include the following:

GFA under Our Management

Our financial position and results of operations are affected by our business scale, especially the GFA under management for our property management business. Revenue from our property management services amounted to RMB268.6 million, RMB310.1 million and RMB370.4 million, respectively, in 2018, 2019 and 2020, accounting for 67.5%, 60.5% and 53.5%, respectively, of our total revenue for the same years. Accordingly, our financial position and results of operation largely 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.

Our GFA under management grew from 18.8 million sq.m. as of December 31, 2018 to 20.7 million sq.m. as of December 31, 2019, and to 24.9 million sq.m. as of December 31, 2020. Of our total GFA under management, properties developed by independent third-party property developers accounted for approximately 78.1%, 70.4% and 64.9% as of December 31, 2018, 2019 and 2020, respectively. As a result, our financial position and results of operations depend on our ability to continuously secure new and renew existing property management service agreements from independent third-party property developers. Of our total GFA under management, properties developed by Dexin Group accounted for approximately 18.8%, 23.0% and 22.6% as of December 31, 2018, 2019 and 2020, respectively. We also manage properties jointly developed by Dexin Group with independent third-party property developers. Of our total GFA under management, such properties accounted for approximately 3.1%, 6.6% and 12.5% as of December 31, 2018, 2019 and 2020, respectively. As a result, our financial position and results of operations, to a lesser extent, also depend on our ability to obtain new or renew existing property management service agreements for properties solely or jointly developed by Dexin Group.

Business Mix

As gross profit margins of different business lines vary, changes in revenue contribution from and gross profit margin of each business line may have a corresponding impact on our overall profit margins. The following table sets forth a breakdown of revenue and gross profit margin by business line for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Property management services	268,599	19.8	310,076	22.9	370,415	26.3
Value-added services to non-property owners	86,414	34.2	139,584	39.4	178,781	42.0
Community value-added services	42,820	28.8	63,190	29.9	143,123	44.2
Total	**397,833**	**23.9**	**512,850**	**28.3**	**692,319**	**34.1**

In general, the gross profit margins of our value-added services to non-property owners and community value-added services are higher than that of our property management services. Unlike property management services which are labor-intensive and typically incur higher labor related costs, our value-added services to non-property owners and community value-added services typically do not require a large amount of labor, and as a result, tend to have higher profit margins. For further details regarding the change in our gross profit margins during the Track Record Period, see "—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin" in this section.

Pricing, Branding and Market Position

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 the PRC property management industry. According to CIA, we are a well-recognized comprehensive property management service provider nationwide with an important market position in Zhejiang Province. We believe our market position and recognition have enabled us to charge competitive pricing while maintaining a good relationship with property developers, property owners and residents we serve. We strive to maintain or raise our property management fee rates when renewing expiring property management service agreements to respond to the rising demands for quality services and to cover the increases in our costs and expenses. We believe our ability to maintain and raise our fee rates in light of the expected increase in service costs and expenses will continue to affect our financial condition and results of operations. We believe that a well-recognized brand would also help us obtain more value-added service engagements from independent third-party property developers (such as for sales office management services), as well as exploring more cooperation opportunities with such property developers for new property management projects.

To illustrate how property management fee rates affect our results of operations, the following table sets forth a hypothetical sensitivity analysis of how our profit for the years and property management service revenue would fluctuate in response to decreases in average monthly property management fees during the Track Record Period, while all other factors remain unchanged:

	Year ended December 31,		
	2018	2019	2020
	(RMB in thousands)		
Profit for the year	22,462	50,550	105,807
Revenue from property management services	268,599	310,076	370,415
Assuming 5% decrease in our average monthly property management fees			
Impact on revenue from our property management services	(13,430)	(15,504)	(18,521)
Impact on profit for the year	(10,073)	(11,628)	(13,891)
Assuming 10% decrease in our average monthly property management fees			
Impact on revenue from our property management services	(26,860)	(31,008)	(37,042)
Impact on profit for the year	(20,145)	(23,256)	(27,782)

Ability to Manage Staff and Subcontracting Costs

Our ability to manage our labor and subcontracting costs while maintaining and improving our service quality and capabilities affects our financial condition and results of operations. During the Track Record Period, staff costs represented a large component of our cost of sales. In 2018, 2019 and 2020, staff costs amounted to RMB108.8 million, RMB112.7 million and RMB127.7 million, respectively, accounting for 35.9%, 30.6% and 28.1%, respectively, of our cost of sales. Administrative staff salaries and benefits are also a large component of our administrative expenses during the Track Record Period. The general increases over the Track Record Period in staff costs and expenses were mainly attributable to the increase in the number of our employees as we expanded our business, together with a general increase in labor wages in the PRC.

We outsource certain services such as security, cleaning and greening services to third-party service providers. In 2018, 2019 and 2020, our subcontracting costs (representing security, cleaning and greening costs) amounted to RMB147.3 million, RMB186.0 million and RMB224.3 million, respectively, accounting for 48.7%, 50.5% and 49.1%, respectively, of our cost of sales for the same years. The increases in subcontracting costs during the Track Record Period were primarily due to the increased amount of work subcontracted to third-party service providers driven by our business expansion.

In response to the rising staff costs, we have implemented a number of measures to standardize our operating procedures, introduced new training programs to improve the efficiency of our employees, as well as engaged qualified subcontractors to reduce our reliance on manual labor.

For illustrative purposes only, we set out below a hypothetical sensitivity analysis of our cost of sale, as well as profit for the years indicated with reference to the fluctuation of our staff and subcontracting costs during the Track Record Period, while all other factors remain unchanged:

	Year ended December 31,		
	2018	2019	2020
	(RMB in thousands)		
Profit for the year	22,462	50,550	105,807
Assuming 5% increase in our aggregate of staff costs and subcontracting costs in the cost of sale			
Increase in cost of sale	12,806	14,932	17,604
Decrease in profit for the year	(9,605)	(11,199)	(13,203)
Assuming 10% increase in our aggregate of staff costs and subcontracting costs in the cost of sale			
Increase in cost of sale	25,612	29,864	35,208
Decrease in profit for the year	(19,209)	(22,398)	(26,406)

Competition

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. With a large portfolio of properties under our management, we primarily compete with large national and regional property management companies in the PRC with respect to property management services. Our ability to successfully compete against our competitors affects our ability to grow our business and our results of operations. According to CIA, we were ranked 25th among the Top 100 Property Management Companies in the PRC in 2021 in terms of overall strength. We have been focusing on, and will continue to focus on keeping our competitiveness in terms of business scale, brand recognition, profitability, financial resources and adequacy of financing, price, diversity of services and service quality. For more details about the industry and markets that we operate in, see "Industry Overview—Competition—Competitive Landscape" and "Business—Competition" in this prospectus. Our ability to compete effectively with our competitors and maintain or improve our market position depends on our ability to enhance and maintain competitive strength. If we fail to compete and expand our GFA under management, we may lose our existing market position and experience loss of revenue and decreased profitability. See "Risk Factors" for further discussion.

SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. We set out below some of the accounting policies and estimates that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates and judgments, which are important for understanding our financial condition and results of operations, are set out in further details in notes 2 and 4 to the Accountant's Report in Appendix I to this prospectus.

Revenue Recognition

We provide property management services, value-added services to non-property owners and community value-added services. We recognize revenue from providing such services in the period in which the services are rendered.

If a contract involves the provision of multiple services, we allocate the transaction price to each performance obligation based on their respective stand-alone selling prices. If the stand-alone selling prices are not directly observable, we estimate such prices 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, we present the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment. A contract asset is our right to consideration in exchange for services that we have transferred to a customer. We capitalize and present recoverable incremental costs incurred to obtain a contract as assets and subsequently amortize them when we recognize the related revenue. If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer services to the customer, we present the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

We record a receivable when we have 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.

Property Management Services

For property management services, we bill a fixed amount for services provided on a monthly basis and recognize as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

For revenue from property management services managed under lump sum basis, we recognize the fee received or receivable from property owners as our revenue and all related property management costs as our cost of sales. For revenue from property management services managed under commission basis, we recognize the commission, which is calculated as a percentage of the total property management fee received or receivable from the property units, as our revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Value-added Services to Non-property Owners

Value-added services to non-property owners mainly include sales office management services, preliminary planning and design consultancy services, property inspection and repair services and commercial consulting services. We agree the price for each service with the customers upfront and recognize revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

Community Value-added Services

Community value-added services mainly include smart community solutions, property sales and assistance services, common area value-added services, clubhouse services, home decoration services and community retail and home services.

We provide smart community solutions, where we sell intelligent hardware devices and software to property developers and provide software maintenance services. We recognize revenue on a gross basis when we deliver the hardware device and software and render the relevant maintenance services.

We engage in property sales and assistance services. We engage in carpark sales business where we purchase carpark spaces and sell them to our customers. We recognize revenue when or as we transfer the control of carpark spaces to our customers. We also help property developers market their properties and charge commissions based on the contract price.

We provide common area value-added services by leasing common areas owned by property owners, mainly including advertisement display areas and public parking areas. We recognize the commission as revenue on a net basis, which is calculated by a portion of rental income in accordance with an agreed-upon percentage when we render such services.

We operate a clubhouse to primarily provide catering services and conference services. We recognize revenue when we render such services.

We provide home decoration services and community retail and home services. We recognize revenue on a gross basis when we render such services.

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 tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences. We recognize tax losses when we consider it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of the actual utilization of tax losses may be different.

Trade and Other Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), we classify them as current assets. If not, we classify them as non-current assets.

We recognize trade and other receivables initially at fair value and subsequently measure them at amortized cost using the effective interest method, less allowance for impairment.

Trade and Other Payables

Trade payables represent liabilities for goods and services provided to us prior to the end of a financial period which are unpaid. We classify trade and other payables as current liabilities unless payment is not due within 12 months after the relevant financial period. We recognize trade and other payables initially at their fair value and subsequently measure them at amortized cost using the effective interest method.

Impairment of Financial Assets

We assess on a forward looking basis the expected credit losses associated with our debt instruments carried at amortized cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, we apply the simplified approach permitted by HKFRS 9, which requires us to recognize expected lifetime losses from initial recognition of the assets. We determine the provision matrix based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and adjust it for forward-looking estimates. We update the historical observed default rates and analyze changes in the forward-looking estimates at every reporting date.

We measure impairment on other receivables 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 we measure the impairment as lifetime expected credit losses.

Financial Assets at Fair Value through Profit or Loss

Our Financial assets at fair value through profit or loss mainly represent wealth management products we purchased from financial institutions. During the Track Record Period, under limited circumstances, we purchased low-risk investments for cash management purposes, which mainly included wealth management products from licensed commercial banks and a trust company. As of December 31, 2018, 2019 and 2020, our financial assets at fair value through profit and loss amounted to RMB43.1 million, RMB41.1 million and RMB3.5 million, respectively. Our financial assets at fair value through profit and loss were all classified as level 3 financial assets in terms of inputs to valuation techniques used to measure fair value. For more details of fair value measurement, see note 3.3 of the Accountant's Report included in Appendix I to this prospectus.

We have implemented internal policies to ensure the reasonableness of fair value measurement on the level 3 financial assets. Our Directors are aware of the "Guidance note on directors' duties in the context of valuations in corporate transactions" issued by the SFC on May 15, 2017. In this regard, our Directors confirmed that: (i) they had exercised due care, skill and diligence and supervised the delegates when making the investment decisions; and (ii) they had complied with the standard exercised by a reasonably diligent person with the knowledge, skill and experience that be reasonably expected of a Director carrying out the functions of the Director in relation to the company. Prior to approving investment in financial assets, our Directors shall review the feasibility study or investment proposal of the financial assets prepared by our finance department, taking into consideration the size of the investments, their risk profiles and the rate of return. Upon making investment, our finance department closely monitors the performance of the investment and assess the fair value of level 3 financial assets for our Directors' review and approval. Our Directors would review the fair value measurement of level 3 financial assets, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value measurement of level 3 financial assets is in accordance with the applicable HKFRSs.

Details of the fair value measurement of financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in note 3 to the Accountant's Report in Appendix I to this prospectus which was issued by the reporting accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The reporting accountant's opinion on the historical financial information, as a whole, of us for the Track Record Period is set out on page I-2 in Appendix I to this prospectus. Our Directors are satisfied with the valuation work for financial assets categorized within level 3 of fair value measurement in our historical financial information for the purpose of the preparation of the Accountant's Report as referred to in Appendix I to this prospectus.

In relation to the valuation analysis on the financial assets at fair value through profit or loss, the Sole Sponsor have conducted relevant due diligence work, including but not limited to, (i) review of relevant notes in the Accountant's Report as contained in Appendix I; and (ii) discussed with us about the key basis and assumptions for the valuation of the financial assets. Having considered the work done by our Directors, the unqualified opinion on the historical financial information, as a whole, of us issued by the reporting accountant included in Appendix I to this prospectus, and the relevant due diligence done as stated above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis on the financial assets at fair value through profit or loss.

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 years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Revenue	397,833	512,850	692,319
Cost of sales	(302,714)	(367,924)	(456,562)
Gross profit	95,119	144,926	235,757
Other income	2,319	3,470	6,432
Other gain – net	2,258	1,826	1,917
Selling and marketing expenses	(2,894)	(6,490)	(7,914)
Administrative expenses	(55,728)	(67,768)	(97,746)
Net impairment losses on financial assets	(7,425)	(6,016)	(2,656)
Operating profit	33,649	69,948	135,790
Finance income	369	1,341	2,779
Finance costs	(2,298)	(3,399)	(2,248)
Finance (costs)/income – net	(1,929)	(2,058)	531
Profit before income tax	31,720	67,890	136,321
Income tax expenses	(9,258)	(17,340)	(30,514)
Profit for the year	22,462	50,550	105,807
Profit is attributable to:			
– Owners of the Company	22,361	49,396	97,190
– Non-controlling interests	101	1,154	8,617

Revenue

During the Track Record Period, we generated revenue from the following three business lines:

- *Property management services*. Our revenue from property management services primarily consists of property management fees we charge property developers, property owners and residents for our security, cleaning, greening and repair and maintenance services. We generally charge property management service fees on a lump sum basis and recognize the entire fee amount as our revenue and all related costs as cost of sales over the agreement periods. To a limited extent, we charge property management service fees on a commission basis where we recognize a percentage of the property management fees as commission income for arranging and monitoring the services provided by various other service providers. The fee rates are generally set forth in the property management service agreements between us and property owners' associations or property developers. Revenue generated from property management services accounted for 67.5%, 60.5% and 53.5%, respectively, of our total revenue in 2018, 2019 and 2020.

- *Value-added services to non-property owners*. Our revenue from value-added services to non-property owners primarily consists of service fees we charge for our sales office management services, preliminary planning and design consultancy services, property inspection and repair services and commercial consulting services. Our revenue from value-added services to non-property owners accounted for 21.7%, 27.2% and 25.8%, respectively, of our total revenue in 2018, 2019 and 2020.

- *Community value-added services*. Our revenue from community value-added services primarily consists of (i) income from sales of hardware and software, as well as repair and maintenance fees under smart community solutions; (ii) commission and sales revenue from property sales and assistance services; (iii) commission for common area value-added services; (iv) clubhouse service income from provision of catering services and conference services; (v) home decoration service income or commission from assisting property owners in decorating and furnishing their properties; and (vi) community retail and home services income. Revenue from community value-added services accounted for 10.8%, 12.3% and 20.7%, respectively, of our total revenue in 2018, 2019 and 2020.

The following table sets forth a breakdown of our revenue by business line for the years indicated, both in absolute amount and as a percentage of total revenue:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Property management services	268,599	67.5	310,076	60.5	370,415	53.5
Value-added services to non-property owners	86,414	21.7	139,584	27.2	178,781	25.8
Community value-added services	42,820	10.8	63,190	12.3	143,123	20.7
Total	**397,833**	**100.0**	**512,850**	**100.0**	**692,319**	**100.0**

Revenue from Property Management Services

Our revenue from property management services primarily consists of property management fees charged to property developers, property owners and residents with respect to properties under our management for our security, cleaning, greening and repair and maintenance services. Revenue from our property management services amounted to RMB268.6 million, RMB310.1 million and RMB370.4 million in 2018, 2019 and 2020, respectively, accounting for 67.5%, 60.5% and 53.5%, respectively, of our total revenue in the same years. The increases in revenue from property management services during the Track Record Period were attributable to (i) the increases in the number of properties and GFA under our management as we expanded our business scale; and (ii) the increases in our average monthly property management fees for newly delivered properties under our management. The decreases in revenue from property management services as a percentage of our total revenue during the Track Record Period were primarily because we allocated more resources to develop our value-added services, namely, value-added services to non-property owners and community value-added services, which generally have higher profit margin. For more details, see "—Period to Period Comparison of Results of Operations."

For most properties under our management, we recognize property management fees as revenue on a lump sum basis. For a small portion of properties we manage, we recognize property management fees on a commission basis. The following table sets forth a breakdown of our revenue from property management services by revenue model for the years indicated, both in absolute amount and as a percentage of total revenue from property management services:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Lump sum basis	268,300	99.9	309,781	99.9	369,997	99.9
Commission basis	299	0.1	295	0.1	418	0.1
Total	**268,599**	**100.0**	**310,076**	**100.0**	**370,415**	**100.0**

In terms of property types, we manage both residential properties and non-residential properties, such as commercial complexes, office buildings, schools, hospitals, industrial properties and municipal facilities. The following table sets forth a breakdown of our revenue from property management services by property type for the years indicated, both in absolute amount and as a percentage of revenue from property management services:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Residential properties	179,349	66.8	192,792	62.2	252,100	68.1
Non-residential properties	89,250	33.2	117,284	37.8	118,315	31.9
Total	**268,599**	**100.0**	**310,076**	**100.0**	**370,415**	**100.0**

We strategically focus on regions with high growth potential, including Zhejiang Province, the Yangtze River Delta Region (excluding Zhejiang Province) and other cities with high growth potential. The following table sets forth a breakdown of our revenue from property management services by geographic region for the years indicated, both in absolute amount and as a percentage of total revenue from property management services:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Zhejiang Province	155,547	57.9	189,592	61.1	264,690	71.5
Yangtze River Delta Region (excluding Zhejiang Province)	99,804	37.2	105,426	34.0	95,920	25.9
Other regions[1]	13,248	4.9	15,058	4.9	9,805	2.6
Total	**268,599**	**100.0**	**310,076**	**100.0**	**370,415**	**100.0**

Note:

(1) Revenue from other regions decreased from RMB15.1 million in 2019 to RMB9.8 million in 2020 primarily because two property management service agreements for properties in other regions expired in the first half of 2020, and as a result, our GFA under management for other regions decreased from 1.4 million sq.m. as of December 31, 2019 to 0.5 million sq.m. as of December 31, 2020.

During the Track Record Period, we derived a majority of our revenue from managing properties developed by independent third-party property developers. We also managed properties solely or jointly developed by Dexin Group. The following table sets forth a breakdown of the number of properties and GFA under management as of the dates indicated, and revenue from property management services for the years indicated, by type of property developer:

	As of or for the year ended December 31,														
	2018					2019					2020				
	No. of properties	GFA		Revenue		No. of properties	GFA		Revenue		No. of properties	GFA		Revenue	
		sq.m.'000	*%*	*RMB'000*	*%*		*sq.m.'000*	*%*	*RMB'000*	*%*		*sq.m.'000*	*%*	*RMB'000*	*%*
Properties developed by Dexin Group[1]	28	3,546	18.8	59,539	22.2	40	4,742	23.0	78,656	25.4	44	5,639	22.6	98,822	26.7
Jointly developed properties[2]	6	585	3.1	10,540	3.9	11	1,375	6.6	21,853	7.0	25	3,115	12.5	54,997	14.8
Properties developed by independent third-party property developers[3]	92	14,685	78.1	198,520	73.9	93	14,535	70.4	209,567	67.6	106	16,151	64.9	216,596	58.5
Total	**126**	**18,816**	**100.0**	**268,599**	**100.0**	**144**	**20,652**	**100.0**	**310,076**	**100.0**	**175**	**24,905**	**100.0**	**370,415**	**100.0**

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

The increase in revenue from property management services provided to properties solely or jointly developed by Dexin Group as a percentage of total revenue from property management services from 26.1% in 2018 to 32.4% in 2019 was primarily due to the delivery of new properties solely or jointly developed by Dexin Group for our management in 2019, namely Hangzhou Zhiyi (杭州之翼) and Boruiwan (鉑瑞灣), which contributed approximately 173,000 sq.m. and 216,000 sq.m., respectively, to our total GFA under management as of December 31, 2019. The further increase in revenue from property management services provided to properties solely or jointly developed by Dexin Group as a percentage of total revenue from property management services from 32.4% in 2019 to 41.5% in 2020 was primarily due to the delivery of new properties for our management in 2020, such as Yuejianshan Jiayuefu (悅見山嘉悅府), Sky City (天空之城), Jiangnan Dayuan (江南大院) and Beicheng Mingzuo (北城名座), which contributed approximately 232,000 sq.m., 246,000 sq.m., 265,000 sq.m. and 236,000 sq.m. to our total GFA under management as of December 31, 2020.

Revenue from Value-added Services to Non-property Owners

We offer value-added services to non-property owners, including (i) sales office management services where we offer reception, security and cleaning services to sales office and display units of property developers; (ii) preliminary planning and design consultancy services covering various stages of property development from reviewing project blueprints to offering recommendations to property management companies before delivery; (iii) property inspection and repair services to property owners before delivery and during the warranty periods; and (iv) commercial consulting services to operators of commercial complexes and serviced apartments on market research, feasibility studies and other consulting services on business operations.

The following table sets forth a breakdown of our revenue from value-added services to non-property owners by service type for the years indicated, both in absolute amount and as a percentage of revenue from value-added services to non-property owners:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Sales office management services	70,734	81.8	86,993	62.3	89,571	50.1
Preliminary planning and design consultancy services	12,697	14.7	37,976	27.2	68,129	38.1
Property inspection and repair services	2,983	3.5	14,615	10.5	13,205	7.4
Commercial consulting services	–	–	–	–	7,876	4.4
Total	**86,414**	**100.0**	**139,584**	**100.0**	**178,781**	**100.0**

The increases in our revenue from value-added services to non-property owners during the Track Record Period were primarily attributable to the increases in revenue from sales office management services and preliminary planning and design consultancy services driven by the increases in the number of properties for which we provided such services.

Revenue from Community Value-added Services

We offer community value-added services to property owners and residents of the properties under our management which address their lifestyle and daily needs, including (i) smart community solutions where we generate revenue from the sales of smart software and hardware used in smart community solutions to property developers and provision of maintenance services for our software and hardware sold; (ii) property sales and assistance services where we purchase carpark spaces from property developers and subsequently sell them to property owners and residents and recognize the sales proceeds as our revenue. We also help property developers marketing their properties and charge a percentage of the final sales price of properties as our commission; (iii) common area value-added services where we assist property owners in leasing common areas, primarily advertisement display spaces, in exchange for a pre-determined percentage of the rental fees as our commissions; (iv) clubhouse services where we generate revenue from providing catering services and conference services; (v) home decoration services where we generate revenue from providing customized home decoration services from interior decoration design to purchase and installation of furniture and home appliances; and (vi) community retail and home services where we generate sales revenue from selling commodities and seasonal groceries to property owners and residents and service income by providing housekeeping services to property owners and residents.

The following table sets forth a breakdown of our revenue from community value-added services by service type for the years indicated, both in absolute amount and as a percentage of revenue from total community value-added services:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Smart community solutions	12,333	28.8	22,087	34.9	49,216	34.4
Property sales and assistance services	–	–	9,714	15.4	50,437	35.2
Common area value-added services	6,952	16.2	9,588	15.2	16,324	11.4
Clubhouse services	13,392	31.3	12,555	19.9	12,373	8.6
Home decoration services	10,143	23.7	9,029	14.3	6,351	4.4
Community retail and home services	–	–	217	0.3	8,422	6.0
Total	**42,820**	**100.0**	**63,190**	**100.0**	**143,123**	**100.0**

The substantial increases in our revenue from community value-added services during the Track Record Period were primarily due to (i) increases in revenue from smart community solutions driven by the increases in the sales volumes of hardware and software; (ii) increases in revenue from our common area value-added services driven by the increases in the number of properties under our management; and (iii) significant increases in revenue from property sales and assistance services as we commenced our carpark sales services in the second half of 2019 and sold out all carpark spaces as of September 30, 2020; and (iv) increases in revenue from community retail and home services as we started to provide these services in the fourth quarter of 2019.

Our revenue from clubhouse services decreased slightly from 2018 to 2019 primarily due to reduced demand for high-end catering services driven by changes in economic conditions. Our revenue from home decoration services also decreased slightly from 2018 to 2019 primarily because we were in the process of upgrading our home decoration services to meet the evolving demand of property owners, and as a result our revenue fluctuated during such transition period.

The following table sets forth a breakdown of revenue from smart community solutions by type of customers for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Revenue	%	Revenue	%	Revenue	%
	(RMB in thousands, except for percentages)					
Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu. .	4,513	36.6	14,769	66.9	42,107	85.6
Independent Third Parties.	7,820	63.4	7,318	33.1	7,109	14.4
Total	12,333	100.0	22,087	100.0	49,216	100.0

The increases in revenue from smart community solutions from Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu as a percentage of our total revenue from smart community solutions from 36.6% in 2018 to 66.9% in 2019 and further to 85.6% in 2020 were primarily due to increases in sales of hardware with facial recognition programs and comprehensive smart community solutions that integrate data analysis and processing capability to Dexin Group and its joint ventures and associates driven by increases in the number of properties solely or jointly developed by Dexin Group. Fee range for sales of hardware and equipment to Dexin Group and its joint ventures and associates and other entities controlled by Mr. Hu was generally comparable to that of the Independent Third Parties during the Track Record Period. Fee for sales of certain hardware and equipment to the Independent Third Parties was relatively higher, primarily because certain hardware and equipment sold to Independent Third Parties were customized for their properties pursuant to their specific requirements, involving relatively higher development and installation as well as maintenance costs, and as such a higher fee was charged for such products. No comprehensive smart community solutions were sold to Independent Third Parties during the Track Record Period. Our revenue from smart community solutions from Independent Third Parties remained relatively stable during the Track Record Period.

The following table sets forth a breakdown of revenue and gross profit margin of property sales and assistance services by business model for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Carpark sales services(1)	–	–	9,714	22.8	28,873	14.0
Sales assistance services(2)	–	–	–	–	21,564	63.2
Carpark spaces	–	–	–	–	6,054	47.7
Serviced apartments	–	–	–	–	15,510	69.3
Total	–	–	9,714	22.8	50,437	35.0

Notes:

(1) Refer to carpark sales services where we purchase carpark spaces from property developers for resale.

(2) Refer to sales assistance services where we assist property developers in selling carpark spaces and serviced apartments in exchange for a fixed amount or percentage of the sales proceeds as our commission.

Historically, Dexin Group did not engage other property agents to sell the unsold carpark spaces. Dexin Group typically closed its sales office after a significant portion of properties for a project was sold and delivered and may have some carpark spaces unsold. As property owners typically move to new properties within a period of time after the initial delivery and purchase carpark spaces after moving in, we, as the property management service provider, identified this service demand and found an opportunity to diversify our community value-added services in 2019, leveraging our community resources and relationships with property owners.

In 2019, we initially adopted the purchase-and-resell model for carpark sales services primarily due to our efforts to diversify community value-added services and train our sales and marketing team. Under the purchase-and-resell model, we initially purchase the then remaining carpark spaces unsold from property developers. Our sales and marketing team market and sell such carpark spaces to property owners and residents at properties under our management. We typically enter into purchase agreements with property owners and residents and receive payments according to the terms of the purchase agreements. The total amount of value-added tax arising from sales of carparks under the purchase-and-resell model paid by us was RMB1.6 million during the Track Record Period. In the four quarter of 2020, we decided to adopt an asset-light model which does not involve substantial upfront costs in purchasing carpark spaces so that we can better utilize our cash and financial resources. Under the commission-based model, we assist property developers in marketing their unsold carpark spaces or serviced apartments and receive a commission calculated based on a fixed amount or percentage of contract price of the carpark space or serviced apartments sold.

Our revenue from sales of carparks under the purchase-and-resell model amounted to RMB9.7 million and RMB28.9 million in 2019 and 2020, respectively. All carparks sold under this model were purchased from Dexin Group and its joint venture and associates. The gross profit margin of our carpark sales services decreased from 22.8% in 2019 to 14.0% in 2020, primarily because we decided to adopt an asset-light model and as a result, lowered our sales price to accelerate the sales of carpark spaces. Our revenue generated from sales assistance services under the commission-based model amounted to RMB21.6 million in 2020. All carpark spaces and serviced apartment sold under such model were from projects solely or jointly developed by Dexin Group. The gross profit margin of sales assistance services under the commission-based model was higher compared to carpark sales services under the purchase-and-resell model in 2020, primarily because as we no longer recognize costs for purchase of carpark spaces under the commission-based model, our costs will decrease and gross profit margin will increase as compared to those under the purchase-and-resell model.

Under the purchase-and-resale model, Dexin Group sold the unsold carpark spaces to us, instead of directly to the end customers primarily because (i) Dexin Group typically closes its sales office after a significant portion of properties for a project is sold and delivered and may have some carpark spaces unsold; (ii) property owners typically move to new properties within a period of time after the initial delivery and typically purchase carpark spaces after moving in; and (iii) we, as the property management service provider, are well positioned to provide such services leveraging our relationship and familiarity with both Dexin Group and property owners. We commenced the carpark sales services in the second half of 2019 after we identified this opportunity and assessed its profitability, and with a view to diversifying our community value-added services and enhancing our relationship with property developers and owners. We upgraded our service model in the fourth quarter of 2020 primarily because we decided to adopt an asset-light model which does not involve substantial upfront costs in purchasing carpark spaces so that we can better utilize our cash and financial resources.

Cost of Sales

Our cost of sales represents costs directly attributable to the provision of our services and comprises (i) staff costs of our on-site staff directly providing property management services and value-added services; (ii) costs for outsourced services such as security, cleaning and greening services; (iii) utilities and maintenance costs for common areas of properties under our management; (iv) raw materials and consumables used for our smart community solutions and our clubhouse services; (v) cost of selling carpark spaces which we purchase from property developers and resell to property owners or residents; and (vi) others. The following table sets forth a breakdown of our cost of sales by type for the years indicated, both in absolute amount and as a percentage of total cost of sales:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Staff costs	108,774	35.9	112,671	30.6	127,725	28.1
Security, cleaning and greening costs	147,339	48.7	185,968	50.5	224,348	49.1
Utilities and maintenance costs	16,259	5.4	24,525	6.7	31,281	6.9
Raw materials and consumables used	16,896	5.6	22,632	6.2	25,314	5.5
Cost of selling carpark spaces	–	–	7,071	1.9	24,832	5.4
Others[(1)]	13,446	4.4	15,057	4.1	23,062	5.0
Total	**302,714**	**100.0**	**367,924**	**100.0**	**456,562**	**100.0**

Note:

(1) Include office and related expenses, depreciation and amortization expenses, cost of organizing community activities, taxes and other levies and other miscellaneous expenses.

During the Track Record Period, key factors affecting our cost of sales were staff costs and costs for outsourced services such as security, cleaning and greening services. The increases in staff costs during the Track Record Period were mainly due to the increases in the number of our personnel in line with our business expansion and the increases in the average salary level. Subcontracting costs mainly include fees paid for the services outsourced to subcontractors, such as security, cleaning and greening. The increases in subcontracting costs during the Track Record Period were mainly due to the increases in our aggregate GFA under management and our enhanced efforts to outsource certain services to qualified subcontractors to reduce our staff costs.

The following table sets forth a breakdown of our cost of sales by business line for the years indicated, both in absolute amount and as a percentage of total cost of sales:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Property management services	215,370	71.1	239,046	65.0	272,879	59.8
Value-added services to non-property owners	56,851	18.8	84,595	23.0	103,754	22.7
Community value-added services	30,493	10.1	44,283	12.0	79,929	17.5
Total	**302,714**	**100.0**	**367,924**	**100.0**	**456,562**	**100.0**

The following table sets forth a breakdown of our cost of sales by variable and fixed costs for the years indicated, both in absolute amount and as a percentage of total cost of sales:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Variable cost	301,601	99.6	366,892	99.7	454,725	99.6
Fixed cost	1,113	0.4	1,032	0.3	1,837	0.4
Total	**302,714**	**100.0**	**367,924**	**100.0**	**456,562**	**100.0**

Substantially all of our cost of sales are variable costs, including staff costs, security, cleaning and greening costs, utilities and maintenance costs, cost of selling carpark spaces and raw materials and consumable used. Variable costs increased in line with our business growth, accounting for more than 99.6% of our cost of sales during the Track Record Period. As a result, our gross profit margin largely depends on our ability to effectively control variable costs. Fixed costs represented depreciation and amortization, which we do not expect to have a material impact on our gross profit margin.

Gross Profit and Gross Profit Margin

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

	Year ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Property management services	53,229	19.8	71,030	22.9	97,536	26.3
Value-added services to non-property owners	29,563	34.2	54,989	39.4	75,027	42.0
Community value-added services	12,327	28.8	18,907	29.9	63,194	44.2
Total	**95,119**	**23.9**	**144,926**	**28.3**	**235,757**	**34.1**

Our overall gross profit margin increased during the Track Record Period, mainly driven by (i) increases in our revenue from and gross profit margin of our property management services as a result of economies of scale as our GFA under management increased; (ii) increases in our revenue from and gross profit margin of our value-added services to non-property owners; and (iii) increases in our revenue from and gross profit margin of our community value-added services. The increases in our overall gross profit margin were also attributable to the successful implementation of cost-control measures with enhanced management efficiency. The increase in our gross profit margin from 2019 to 2020 was also attributable to the exemption of social insurance contribution in an amount of approximately RMB4.7 million pursuant to policies issued by the Ministry of Human Resources and Social Security and its local counterparts to support enterprises to overcome economic difficulties caused by the COVID-19 pandemic in 2020.

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

	Year ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Properties developed by Dexin Group[(1)]	12,646	21.2	18,239	23.2	27,347	27.7
Jointly developed properties[(2)]	2,055	19.5	4,896	22.4	15,515	28.2
Properties developed by independent third-party property developers[(3)]	38,528	19.4	47,895	22.9	54,674	25.2
Total	**53,229**	**19.8**	**71,030**	**22.9**	**97,536**	**26.3**

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

Our gross profit margin for property management services for properties developed by Dexin Group increased from 21.2% in 2018 to 23.2% in 2019 primarily due to an increase in average monthly property management fees for newly delivered properties under our management, together with improved efficiency as a result of cost control measures and economies of scale. Our gross profit margin for property management services for properties developed by Dexin Group further increased from 23.2% in 2019 to 27.7% in 2020 primarily because, in addition to the increase in average monthly property management fees, we implemented a series of measures, including the use of various information technology systems, to improve operational efficiency. Our gross profit margin for property management services for jointly developed properties increased from 19.5% in 2018 to 22.4% in 2019, and further to 28.2% in 2020 primarily because we managed an increasing number of commercial complexes and office buildings jointly developed by Dexin Group.

Our gross profit margin for property management services for properties developed by independent third-party property developers increased from 19.4% in 2018 to 22.9% in 2019, and further to 25.2% in 2020. Such increases were primarily due to an increase in average monthly property management fees for newly delivered properties under our management, together with economies of scale and our cost control measures to improve efficiency.

Our gross profit margin for properties developed by independent third-party property developers was generally lower than that of properties developed by Dexin Group and properties jointly developed by Dexin Group, primarily due to the relatively low property management fees charged for properties developed by independent third-party property developers as illustrated in the table below. For certain residential properties developed by independent third-party property developers, we obtained the engagements by participating tender process organized by property owners' associations to replace the previous property management service providers. Such engagements typically involved managing old properties with relatively low property management fees while properties developed by Dexin Group or jointly developed properties typically have more relatively new properties with relatively high property management fees. Property owners of such properties typically would likely to replace the previous service providers when they are not satisfied with the service quality and pay a fee rate that is comparable to that charged by previous service providers, and we can only raise property management fees pursuant to certain procedures after delivering services to the property owners' satisfaction and when renewing the relevant agreements. For certain non-residential properties developed by independent third-party property developers, in particular municipal facilities, schools and hospitals, the property management fee was generally low because pricing is an important factor these property owners or operators take into consideration when granting the relevant property management contracts. Moreover, such types of non-residential properties were typically developed by Independent Third Parties. As such, the pricing level for these non-residential properties developed by independent third-party developers is generally low.

The following table sets forth our average monthly property management fees for property management services by property developer for the years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
		(RMB per sq.m.)	
Properties developed by Dexin Group[(1)]	2.0	2.2	2.2
Jointly developed properties[(2)]	2.5	2.3	2.4
Overall average monthly property management fee for properties developed by Dexin Group and jointly developed properties	2.1	2.2	2.3
Properties developed by independent third-party property developers[(3)]	1.8	2.0	2.1
Overall average monthly property management fees	1.8	2.1	2.2

Notes:

(1) Refer to properties solely developed by Dexin Group or jointly developed by Dexin Group and independent third-party property developers where Dexin Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by Dexin Group and independent third-party property developers where Dexin Group did not hold a controlling interest in such properties and properties developed by other entities controlled by Mr. Hu.

(3) Refer to properties solely developed by independent third-party property developers.

Our property management portfolio mainly includes residential properties, and also covers non-residential properties, such as commercial complexes, office buildings, schools, hospitals, industrial properties and municipal facilities. The following table sets forth a breakdown of our gross profit and gross profit margin for property management services by property type for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Residential properties	37,307	20.8	45,814	23.8	67,135	26.6
Non-residential properties	15,922	17.8	25,216	21.5	30,401	25.7
Total	**53,229**	**19.8**	**71,030**	**22.9**	**97,536**	**26.3**

Our gross profit margin for property management services for non-residential properties was generally lower than residential properties due to the relatively low profit margin of property management services for schools and hospitals.

Our gross profit margin for property management services for residential properties increased from 20.8% in 2018 to 23.8% in 2019, and further to 26.6% in 2020 because (i) we were able to charge higher property management fees for new properties delivered for our management in the relevant following periods, resulting in increases in our average monthly property management fees; (ii) we outsourced certain property management services, such as security, cleaning and greening services, to third-party service providers to reduce staff costs; and (iii) we implemented a series of measures, including the use of various information technology systems, to improve operational efficiency.

Our gross profit margin for property management services for non-residential properties increased from 17.8% in 2018 to 21.5% in 2019, and further to 25.7% in 2020, primarily due to (i) increases in average monthly property management fees for newly delivered non-residential properties under our management; (ii) improved efficiency as a result of economies of scales and our cost-control measures; and (iii) our voluntary termination of property management service agreements for some properties with low profit margin.

The following table sets forth a breakdown of our gross profit and gross profit margin by type of value-added services to non-property owners for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Sales office management services	23,156	32.7	30,213	34.7	31,903	35.6
Preliminary planning and design consultancy services	5,141	40.5	18,347	48.3	33,071	48.5
Property inspection and repair services	1,266	42.4	6,429	44.0	5,930	44.9
Commercial consulting services	–	–	–	–	4,123	52.3
Total	**29,563**	**34.2**	**54,989**	**39.4**	**75,027**	**42.0**

Our gross profits from and gross profit margins of value-added services to non-property owners increased during the Track Record Period primarily driven by (i) increases in gross profits from and gross profit margins of sales office management services during the Track Record Period; (ii) increases in gross profits from and gross profit margins of preliminary planning and design consultancy services during the Track Record Period; and (iii) an increase in gross profit from and gross profit margin of property inspection and repair services from 2018 to 2019.

- Our sales office management services had relatively high gross profit margin primarily because to generate good sales results, property developers typically demand quality services in receiving visitors to their sales offices and showcasing their display units and we normally charge relatively high fees for such quality services. The increases in gross profit from and gross profit margin of sales office management services during the Track Record Period were primarily attributable to (i) economies of scale achieved due to increases in the number of sales offices we managed; and (ii) improved operational efficiency as our employees became more experienced and efficient in providing such services.

- Our preliminary planning and design consultancy services had relatively high gross profit margin primarily because (i) preliminary planning and design consultancy services were less labor intensive compared to services such as sales office management services; and (ii) we allocated experienced on-site property managers with in-depth understanding of the needs of property owners and residents from property management business line to provide preliminary planning and design consultancy services. Such arrangement reduced the staff costs incurred for providing preliminary planning and design consultancy services. Similar to sales office management services discussed above, the increases in gross profit from and gross profit margin of preliminary planning and design consultancy services during the Track Record Period were primarily attributable to economies of scale and improved operational efficiency in line with the growth in the number of projects for which we provided such services.

- Our property inspection and repair services had relatively high gross profit margin primarily because to take advantage of the expertise of our personnel who are in charge of repair and maintenance services under our property management services, we assigned certain of such personnel to provide property inspection and repair services when needed, which reduced the staff costs incurred for providing such services. Similar to sales office management services and preliminary planning and design consultancy services discussed above, the increases in gross profit from and gross profit margin of property inspection and repair services during the Track Record Period were primarily attributable to economies of scale and improved operational efficiency in line with the growth in the number of projects for which we provided such services.

- Our commercial consulting services had relatively high gross profit margin in 2020, primarily because commercial consulting services, including market research and analysis, tenant sourcing services and opening preparation services, were less labor intensive compared to services such as sales office management services.

The following table sets forth a breakdown of our gross profit and gross profit margin by type of community value-added services for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Smart community solutions	3,890	31.5	7,960	36.0	33,374	67.8
Property sales and assistance services	–	–	2,212	22.8	17,664	35.0
Common area value-added services	1,875	27.0	2,600	27.1	5,500	33.7
Clubhouse services	4,027	30.1	3,943	31.4	3,986	32.2
Home decoration services	2,535	25.0	2,170	24.0	1,692	26.6
Community retail and home services	–	–	22	10.1	978	11.6
Total	**12,327**	**28.8**	**18,907**	**29.9**	**63,194**	**44.2**

Our gross profits from and gross profit margins of community value-added services increased during the Track Record Period primarily driven by (i) increases in gross profits from and gross profit margins of smart community solutions during the Track Record Period; and (ii) increases in gross profits from and gross profit margins of property sales and assistance services from 2019 to 2020.

- Our smart community solutions had relatively high gross profit margin in 2018 and 2019 primarily because our facial recognition program was well-recognized in the industry, thereby increasing customers' willingness to pay and consequently profit margins. Xier Technology, our subsidiary engaged in smart community solutions, was recognized as one of the "Top 20 Unicorns in Hangzhou during G20" (G20杭州名片•獨角獸企業) in 2016, a National High-tech Enterprise (國家高新技術企業) in 2018 and Hangzhou Enterprise Hi-tech & R&D Center (杭州市企業高新技術研發中心) in 2019. For more information, see "Business—Competitive Strengths—Smart Community Solutions that Enhance Customer Satisfaction and Improve Management Efficiency." Our smart community solutions also received a number of awards, including but not limited to, Security Product Industry Technology Brand Award in 2016 (2016年度安防產品行業科技品牌獎) by Shanghai Security Alarm Association (上海安全防範報警協會) and Golden Award (金獎) in northwest division from Robot Innovation Challenge (機器人創新挑戰賽) in 2017. In addition, as of the Latest Practicable Date, we held 18 patents, 16 software copyrights and two copyrights in works relating to our smart community solutions. Our well-recognized reputation has earned us a wide range of well-known customers such as affiliates of top 100 real estate companies in the PRC and local branches of state-owned enterprises. The gross profit margin of our smart community solutions increased substantially in 2020 because we upgraded our smart community solutions from sales of hardware and equipment with facial recognition programs to sales of software and programs, such as the comprehensive smart community solutions that integrate data analysis and processing capability. Different functions of our smart community solutions can significantly improve the property management capabilities and operational efficiency of our customers, including:

- in respect of security control, facial recognition and car plate recognition programs installed at various entrance terminals can (i) distinguish identities of visitors and grant access accordingly; and (ii) alert property managers in real time when it determines only the young and elderly are exiting the properties through facial recognition;

- in respect of tenant management, the smart community solutions can collect information on consumer traffic and tracks consumer profiles to help tenants identify their target consumers. Property owners can also utilize the information to adjust their tenant mix during the tenant sourcing process;

- in respect of energy conservation, the building management system can improve the cost-efficiency of properties under management through monitoring the energy consumption level in real time and adjust the usage based on need, consumer traffic, time and weather; and

- in respect of carpark management, the smart parking system can improve the operational efficiency by (i) guiding vehicles to unoccupied parking spaces using signal lights, a function that allows property managers to centrally manage all available parking spaces; and (ii) assisting owners in easily finding their vehicles by tracking the vehicles in the large carpark.

The comprehensive smart community solutions had higher gross profit margin, primarily attributable to (i) the customers' willingness to pay a higher fee as the software and programs sold can significantly improve their management capabilities and operational efficiency in property management services; and (ii) lower costs for software and programs as compared to hardware and equipment, such as the comprehensive smart community solutions that integrate data analysis and processing capability. The Company incurred most research and developments costs before the software and programs were developed. As such, the research and development costs was not recognized in the cost when the revenue was recognized. Leveraging the Group's strong experience in property management services, once the software and programs were developed specific for residential and non-residential properties, costs associated with the sales of software and programs are generally low, primarily representing miscellaneous costs associated with installation, customization and maintenance, and thus increasing the gross profit margin for the sales of software and programs. Moreover, unlike sales of hardware and equipment with relatively high hardware procurement costs, the sales of software and programs involved less raw material procurement costs. According to CIA, the gross profit margin for our smart community solutions is in line with the industry's level.

- Our property sales and assistance services had relatively high gross profit margin in 2020 because we upgraded our purchase-and-resell service model to commission-based service model which substantially decreased our costs in providing such services. See "—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue—Revenue from Community Value-added Services" for more information.

Other Income

Our other income consists of (i) government grants, which mainly represent unconditional discretionary subsidies awarded by local governments to support local corporate and economic development and to encourage our effort of stabilizing employment; and (ii) value-added tax deductibles, which arise out of an additional deduction of input value-added taxes pursuant to favorable government policies valid from April 2019 to the end of 2021 for our services. The following table sets forth a breakdown of our other income for the years indicated, both in absolute amount and as a percentage of total other income:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Government grants	2,319	100.0	2,290	66.0	5,708	88.7
Value-added tax deductibles	–	–	1,180	34.0	724	11.3
Total	**2,319**	**100.0**	**3,470**	**100.0**	**6,432**	**100.0**

Other Net Gains

Our other net gains primarily consist of net fair value gains on financial assets, such as wealth management product we purchased from financial institutions, at fair value through profit or loss and others. During the Track Record Period, under limited circumstances, we purchased low-risk investments for cash management purposes, which mainly included wealth management products issued by reputable banks and other financial institutions. See "—Description of Certain Consolidated Balance Sheet Items—Financial Assets at Fair Value through Profit or Loss" below. In 2018, 2019 and 2020, our other net gains amounted to RMB2.3 million, RMB1.8 million and RMB1.9 million, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses mainly consist of employee benefit expenses of selling and marketing personnel, traveling and entertainment expenses, office expenses, one-off consultancy fees incurred for marketing and expansion strategy consulting services and others. The following table sets forth a breakdown of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	1,627	56.2	2,569	39.6	5,100	64.4
Traveling and entertainment expenses	242	8.4	563	8.7	781	9.9
Office expenses	356	12.3	409	6.3	1,056	13.3
Consultancy fees	–	–	1,981	30.5	–	–
Others[(1)]	669	23.1	968	14.9	977	12.4
Total	**2,894**	**100.0**	**6,490**	**100.0**	**7,914**	**100.0**

Note:

(1) Include advertising expenses and other miscellaneous expenses.

Administrative Expenses

Our administrative expenses primarily include (i) employee benefit expenses for our administrative personnel; (ii) traveling and entertainment expenses; (iii) office expenses; (iv) depreciation and amortization charges; (v) listing expenses; and (vi) others. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	33,992	61.0	48,678	71.8	62,884	64.3
Traveling and entertainment expenses	2,991	5.4	2,745	4.1	3,175	3.2
Office expenses	5,700	10.2	5,164	7.6	5,821	6.0
Depreciation and amortization charges	5,314	9.5	5,617	8.3	6,173	6.3
Listing expenses	–	–	–	–	12,285	12.6
Others[1]	7,731	13.9	5,564	8.2	7,408	7.6
Total	**55,728**	**100.0**	**67,768**	**100.0**	**97,746**	**100.0**

Note:

(1) Include research and development expenses incurred under smart community solutions, maintenance costs, tax and other levies, lease expenses, auditing expenses and bank charges.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets primarily includes impairment provisions for trade receivables and other receivables. Under our assessment methodology, provision for impairment losses primarily depends on whether there has been a significant increase in credit risks. For details on credit risks, see note 3.1.1 to the Accountant's Report included in Appendix I to this prospectus. Our net impairment losses on financial assets amounted to RMB7.4 million and RMB6.0 million in 2018 and 2019, respectively. Our net impairment losses on financial assets decreased from RMB6.0 million in 2019 to RMB2.7 million in 2020, primarily due to our enhanced collection efforts with respect to trade receivables.

Finance Income and Finance Costs

Our finance income represents interest income from bank deposits and interest income from advances made to other entities controlled by Mr. Hu. Our finance costs represent interest expense on borrowings and interest expense on lease liabilities charged to profit or loss over the lease period under certain of our lease arrangements. The following table sets forth a breakdown of our finance income and cost for the years indicated:

	Year ended December 31,		
	2018	2019	2020
	(RMB in thousands)		
Finance income			
Interest income from bank deposits	369	451	1,191
Interest income from related parties	–	890	1,588
	369	1,341	2,779
Finance cost			
Interest expense for borrowings	(1,785)	(2,992)	(1,930)
Interest expense of lease liabilities	(513)	(407)	(318)
	(2,298)	(3,399)	(2,248)
Finance (costs)/income – net	**(1,929)**	**(2,058)**	**531**

We made interest-bearing advances to related parties at the interest rate of 12% during the Track Record Period. In 2019 and 2020, we recorded finance income from related parties of RMB0.9 million and RMB1.6 million, respectively.

According to Article 61 of the General Lending Provisions (《貸款通則》) issued by the PBOC, any financing arrangements or lending transactions between non-financial institutions are prohibited. Further, pursuant to Article 73 of the General Lending Provisions, the PBOC may impose on a non-compliant lender a fine of one to five times the income received by the lender from such loans. However, notwithstanding the General Lending Provisions, the Supreme People's Court has made new interpretations concerning financing arrangements and lending transactions between non-financial institutions in 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 "Judicial Interpretations on Private Lending Cases") which came into effect on September 1, 2015 and was amended on January 1, 2021. The validity of inter-company loan agreements which are for the needs of production and operation should be generally supported by the people's courts except if such agreements fall into the invalid contract circumstances regulated under the PRC Civil Code (《中華人民共和國民法典》).

All above-mentioned interest-bearing advances had been fully repaid by our related parties as of September 30, 2020. As of the Latest Practicable Date, we had not received any notice of claim or was subject to any investigation or penalty relating to the interest-bearing loans to related parties. As advised by our PRC Legal Advisors, PRC courts will support a company's claim for interest in respect of such loans so long as the annual interest rate does not exceed certain limit. Based on the above, our PRC Legal Advisors are of the view that the risk of us being penalized for the above mentioned advances is remote. Our Directors are of the view that the interest-bearing advances to related parties do not constitute material non-compliance of laws and regulations, and do not have a material adverse impact on the Listing.

Income Tax Expenses

Income tax expenses represent corporate income tax arising out of our income from operations within the PRC. Our income tax expenses also include the effect of deferred income tax credits or charges, namely tax credits or liabilities in respect of temporary differences of assets and liabilities recorded in tax book and accounting book.

The following table sets forth a breakdown of our income tax expenses for the years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Current income tax	12,678	19,154	27,401
Deferred income tax	(3,420)	(1,814)	3,113
Total	**9,258**	**17,340**	**30,514**

We calculate our current tax using the applicable statutory tax rate and the estimated assessable profits for the years based on existing legislation, interpretations and practices. Our subsidiary, Xier Technology, is qualified as a high-tech company and thus subject to a preferential tax rate of 15% during the Track Record Period. For other entities operating in the PRC, the statutory corporate income tax rate is 25%. Our Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. No provision for Hong Kong profits tax was made as our Group did not derive any income subject to Hong Kong profits tax during the Track Record Period. In 2018, 2019 and 2020, our effective corporate income tax rate was 29.2%, 25.5% and 22.4%, respectively. The effective corporate income tax rate in 2018 was relatively high, primarily because Xier Technology, our subsidiary which enjoyed a preferential tax rate of 15%, incurred loss before tax. The effective corporate income tax rate in 2020 was relatively low, primarily because Xier Technology generated profit before tax in 2020 and its preferential tax treatment lowered our average corporate income tax rate.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

2019 Compared to 2020

Revenue

Our revenue increased by 35.0% from RMB512.9 million in 2019 to RMB692.3 million in 2020. The increase was primarily attributable to the increases in revenue from our property management services and community value-added services, and to a lesser extent, our value-added services to non-property owners, as we continuously expanded our business scale.

- *Property management services.* Our revenue from property management services increased by 19.5% from RMB310.1 million in 2019 to RMB370.4 million in 2020, primarily attributable to (i) an increase in our total GFA under management from 20.7 million sq.m. as of December 31, 2019 to 24.9 million sq.m. as of December 31, 2020, mainly as a result of (i) our business expansion; (ii) an increase in our average monthly property management fees for newly delivered properties under our management; and (iii) our continued efforts to improve operational efficiency.

- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 28.1% from RMB139.6 million in 2019 to RMB178.8 million in 2020, primarily due to an increase the number of properties to which we offered preliminary planning and design consultancy services from 29 in 2019 to 53 in 2020.

- *Community value-added services.* Our revenue from community value-added services increased significantly from RMB63.2 million in 2019 to RMB143.1 million in 2020, primarily due to (i) a significant increase in sales revenue from our smart community solutions as a result of increased sales of our upgraded smart community solutions that integrate, among other things, visitor management, traffic control, carpark management, progress control, energy conservation and fire control capabilities; (ii) a significant increase in revenue derived from property sales and assistance services primarily as a result of an increase in revenue from carpark sales services from RMB9.7 million in 2019 to RMB28.9 million in 2020, and an increase in commission received for sales assistance services as we started to provide such services in July 2020.

Cost of Sales

Our cost of sales increased by 24.1% from RMB367.9 million in 2019 to RMB456.6 million in 2020, primarily due to (i) increases in staff costs, security, cleaning and greening costs and utilities and maintenance costs driven by our increased GFA under management resulting from the expansion of our property management services business; (ii) a significant increase in cost of selling carpark spaces driven by an increase in the number of carpark spaces we sold in the relevant years; and (iii) an increase in cost of organizing community activities in order to strengthen the relationship between property owners and us.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB144.9 million in 2019 to RMB235.8 million in 2020. Our gross profit margin increased from 28.3% in 2019 to 34.1% in 2020. The increase in our overall gross profit margin was primarily due to (i) an increase in revenue contributed by our property management services and an increase in gross profit margin for property management services; (ii) an increase in revenue contributed by our community value-added services as a percentage of our total revenue, which typically generate a higher gross profit margin compared to property management services; and (iii) the exemption of social insurance contribution pursuant to policies issued by the Ministry of Human Resources and Social Security and its local counterparts to support enterprises to overcome economic difficulties caused by the COVID-19 pandemic.

- *Property management services.* Our gross profit margin for property management services increased from 22.9% in 2019 to 26.3% in 2020, primarily as a result of (i) economies of scale achieved as a result of our business expansion; (ii) an increase in our average monthly property management fees for newly delivered properties; and (iii) our implementation of cost control measures to improve the operational efficiency.

- *Value-added services to non-property owners.* Our gross profit margin for value-added services to non-property owners increased from 39.4% in 2019 to 42.0% in 2020, primarily as a result of an increase in revenue from preliminary planning and design consultancy services with relatively high gross profit margin. Our preliminary planning and design consultancy services had relatively high gross profit margin primarily because to assist property developers in designing and developing properties that meet the evolving needs of property owners and residents, we allocated certain personnel from property management business line to provide such services as we believe as on-site property managers, these personnel have in-depth understanding of the needs of property owners and residents. Such arrangement reduced the staff costs incurred for providing preliminary planning and design consultancy services.

- *Community value-added services*. Our gross profit margin for community value-added services increased to 44.2% in 2020 from 29.9% in 2019, primarily as a result of (i) economies of scale as a result of our continuous business growth; (ii) an increase in revenue contributed by smart community solutions with relatively high profit margin; and (iii) an increase in revenue from property sales and assistance services with relatively high profit margin. Our smart community solutions had relatively high gross profit margin in 2020 because we upgraded our smart community solutions from sales of hardware with facial recognition programs to sales of comprehensive smart community solutions that integrate data analysis and processing capability for which we charged higher fees. Our property sales and assistance services had relatively high gross profit margin in 2020 because we upgraded our purchase-and-resell service model to commission-based service model which substantially decreased our costs in providing such services. See "—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue—Revenue from Community Value-added Services" for more information.

Other Income

Our other income increased from RMB3.5 million in 2019 to RMB6.4 million in 2020, primarily due to an increase in government grants received.

Other Net Gains

Our other net gains amounted to RMB1.8 million and RMB1.9 million in 2019 and 2020 respectively, primarily due to a decrease in non-operating expenses, which was partially offset by the decrease of fair value gains on financial assets at fair value through profit or loss in 2020.

Selling and Marketing Expenses

Our selling and marketing expenses increased from RMB6.5 million in 2019 to RMB7.9 million in 2020, primarily due to an increase in employee benefit expenses as a result of our business expansion. Such increase was partially offset by a decrease in consultancy fees as we did not engage any third parties to provide consulting services with respect to business expansion strategies in 2020.

Administrative Expenses

Our administrative expenses increased from RMB67.8 million in 2019 to RMB97.7 million in 2020, primarily due to (i) increases in employee benefit expenses and office expenses in line with our business expansion; and (ii) RMB12.3 million listing expenses recognized in 2020 in connection with our proposed Listing.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased from RMB6.0 million in 2019 to RMB2.7 million in 2020, primarily due to our enhanced collection efforts and the significant decrease of trade receivables balances as of December 31, 2020 as compared to December 31, 2019.

Finance Income and Finance Cost

Our finance income increased from RMB1.3 million in 2019 to RMB2.8 million in 2020, primarily due to an increase in interest income received from advances made to related parties.

Our finance cost decreased from RMB3.4 million in 2019 to RMB2.2 million in 2020, primarily due to a decrease in interest expenses for borrowings as a result of a decrease in our total borrowings from RMB26.5 million as of December 31, 2019 to nil as of December 31, 2020.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased significantly from RMB67.9 million in 2019 to RMB136.3 million in 2020.

Income Tax Expenses

Our income tax expenses increased to RMB30.5 million in 2020 from RMB17.3 million in 2019, primarily due to an increase in taxable income in line with our business expansion.

Profit for the Year

As a result of the foregoing, our profit for the period increased significantly from RMB50.6 million in 2019 to RMB105.8 million in 2020.

2018 Compared to 2019

Revenue

Our revenue increased by 28.9% from RMB397.8 million in 2018 to RMB512.9 million in 2019. Such increase was primarily attributable to the increases in revenue from our property management services and value-added services to non-property owners, and to a lesser extent, community value-added services, as we continuously expanded our business scale.

- *Property management services.* Our revenue from property management services increased by 15.5% from RMB268.6 million in 2018 to RMB310.1 million in 2019, primarily attributable to (i) an increase in our total GFA under management from 18.8 million sq.m. as of December 31, 2018 to 20.7 million sq.m. as of December 31, 2019; and (ii) an increase in average monthly property management fees from RMB1.8 per sq.m. in 2018 to RMB2.1 per sq.m. in 2019.

- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 61.6% from RMB86.4 million in 2018 to RMB139.6 million in 2019, primarily due to (i) an increase in revenue from sales office management services resulting from an increase in the number of sales offices to which we offered such services from 76 in 2018 to 83 in 2019; (ii) an increase in revenue from preliminary planning and design consultancy services resulting from the number of properties to which we offered such services from 24 in 2018 to 45 in 2019; and (iii) an increase in revenue from property inspection and repair services as a result of an increase in the number of properties to which we offered pre-delivery inspection services from 12 in 2018 to 24 in 2019.

- *Community value-added services.* Our revenue from community value-added services increased by 47.7% from RMB42.8 million in 2018 to RMB63.2 million in 2019, primarily due to (i) a significant increase in our revenue from property sales and assistance services as we started carpark sales services in July 2019; (ii) an increase in revenue from our smart community solutions as a result of increased sales of hardware such as entrance terminals with facial recognition programs; and (iii) an increase in revenue from common area value-added services driven by the increased number of properties under our management.

Cost of Sales

Our cost of sales increased by 21.5% to RMB367.9 million in 2019 from RMB302.7 million in 2018, primarily due to (i) increases in staff costs, security, cleaning and greening costs, utilities and maintenance costs driven by our increased GFA under management resulting from the expansion of our property management services business; and (ii) an increase in cost of selling carpark spaces as we started our carpark sales services in July 2019.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB95.1 million in 2018 to RMB144.9 million in 2019. Our gross profit margin increased from 23.9% in 2018 to 28.3% in 2019. The increase in our overall gross profit margin was primarily due to (i) an increase in revenue contributed by our property management services and an increase in gross profit margin for property management services; (ii) an increase in revenue contributed by our value-added services to non-property owners as a percentage of our total revenue, which typically generate a higher gross profit margin compared to property management services; and (iii) an increase in revenue contributed by our community value-added services as a percentage of our total revenue, which typically generate a higher gross profit margin compared to property management services.

- *Property management services*. Our gross profit margin for property management services increased from 19.8% in 2018 to 22.9% in 2019, primarily as a result of (i) economies of scale achieved as a result of our business expansion; (ii) an increase in average monthly property management fees; and (iii) our implementation of cost control measures to improve the operational efficiency.

- *Value-added services to non-property owners*. Our gross profit margin for value-added services to non-property owners increased from 34.2% in 2018 to 39.4% in 2019, primarily as a result of (i) an increase in revenue from sales office management services, property inspection and repair services and preliminary planning and design consultancy services with relatively high gross profit margin; and (ii) we designated certain property management personnel to provide certain value-added services, such as sales office management services and property inspection and repair services, to reduce staff cost and improve operational efficiency. Our sales office management services had relatively high gross profit margin primarily because to generate good sales results, property developers typically demand quality services in their sales offices and showcasing their display units and we normally charge relatively high fees for such quality services. Our preliminary planning and design consultancy services had relatively high gross profit margin primarily because to assist property developers in designing and developing properties that meet the evolving needs of property owners and residents, we allocated certain personnel from property management business line to provide such services as we believe as on-site property managers, these personnel have in-depth understanding of the needs of property owners and residents. Such arrangement reduced the staff costs incurred for providing preliminary planning and design consultancy services. Our property inspection and repair services had relatively high gross profit margin primarily because to take advantage of the expertise of our personnel who are in charge of repair and maintenance services under our property management services, we assigned certain of such personnel to provide property inspection and repair services when needed, which reduced the staff costs incurred for providing such services.

- *Community value-added services*. Our gross profit margin for community value-added services increased slightly from 28.8% in 2018 to 29.9% in 2019, primarily as a result of increased revenue from smart community solutions, and other community value-added services which have relatively high profit margin.

Other Income

Our other income increased from RMB2.3 million in 2018 to RMB3.5 million in 2019, primarily due to the effect of value-added tax deductibles arising out of an additional deduction of input value-added tax pursuant to favorable government policies valid from April 2019 to the end of 2021 for certain service providers including ourselves.

Other Net Gains

Our other net gains decreased slightly in 2019 compared to 2018, reflecting an increase in net fair value gains on our wealth management products purchased, as partially offset by the recognition of termination fees associated with an acquisition attempt. We entered into an equity transfer agreement in March 2017 to acquire a property management company located in Huzhou specializing in providing property management services to municipal facilities to further diversify property portfolio under our management. The equity transfer agreement provided that we would acquire 60% of equity interest of the company from the controlling shareholder who owned 90% of the equity interest at a consideration of RMB10.9 million. The payment shall be settled in three installments within six months. Upon the completion of the transaction, we would operate the target company jointly with such controlling shareholder. Our acquisition attempt was subsequently terminated because we could not reach an agreement with the controlling shareholder on future development strategies. As such, we decided to terminate the equity transfer agreement in the second half of 2017 after we paid our first installment amounting to approximately RMB4.4 million in March 2017. The equity transfer agreement provides that the breaching party shall compensate the non-breaching party RMB1.0 million. The controlling shareholder later filed a lawsuit in People's Court of Gongshu District, Hangzhou in September 2017 for our breach of equity transfer agreement. In June 2019, the court arranged a civil mediation between the controlling shareholder and us, during which, the controlling shareholder agreed to refund us the first installment payment of RMB4.4 million and we agreed to pay RMB1.8 million to the controlling shareholder of the target as liquidated damages and compensation.

Selling and Marketing Expenses

Our selling and marketing expenses increased significantly from RMB2.9 million in 2018 to RMB6.5 million in 2019, primarily due to (i) an increase in employee benefit expenses driven by our business expansion; and (ii) an increase in consultancy fee as we engaged a third-party business consulting firm located in Zhejiang Province to provide consulting services with respect to business expansion strategies in 2019 as we intended to further expand our property portfolio. The consulting firm is an indirect subsidiary of a property management service provider that has extensive experiences in managing industrial properties. We engaged such consulting firm to gain expertise to more efficiently manage industrial properties. We entered into a consulting service agreement with such consulting firm in May 2019. Pursuant to this agreement, (a) the service term is four months from May 2019 to August 2019; (b) the service fee is approximately RMB2.0 million; and (c) the scope of consulting services primarily include formulating business development plans and negotiation strategies with respect to specific target projects. For instance, the consulting firm shall advise us to (i) standardize our management procedures for industrial properties to improve efficiency and decrease costs; and (ii) design management plans to enhance our expertise in managing industrial properties. To our best knowledge, the consulting firm and its subsidiaries, controlling shareholders, directors and senior management and their associates do not have any other past or present relationship with us and our subsidiaries, Controlling Shareholders, Directors and senior management and the respective associates.

Administrative Expenses

Our administrative expenses increased from RMB55.7 million in 2018 to RMB67.8 million in 2019, primarily due to an increase in employee benefit expenses as a result of an increase in the number of administrative personnel in line with our business expansion.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased from RMB7.4 million in 2018 to RMB6.0 million in 2019.

Finance Income and Finance Cost

Our finance income increased from RMB0.4 million in 2018 to RMB1.3 million in 2019, primarily due to RMB0.9 million interest income received from advances made to related parties.

Our finance cost increased from RMB2.3 million in 2018 to RMB3.4 million in 2019, primarily due to an increase in interest expenses for borrowings as our borrowings increased from RMB24.5 million as of December 31, 2018 to RMB26.5 million as of December 31, 2019.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased significantly from RMB31.7 million in 2018 to RMB67.9 million in 2019.

Income Tax Expenses

Our income tax expenses increased from RMB9.3 million in 2018 to RMB17.3 million in 2019, primarily due to an increase in our profit before income tax resulted from our business expansion.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly from RMB22.5 million in 2018 to RMB50.6 million in 2019.

DESCRIPTION OF CERTAIN CONSOLIDATED BALANCE SHEET ITEMS

The following table sets forth our summary consolidated balance sheets as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Assets			
Non-current assets			
Property, plant and equipment	14,132	14,120	13,327
Intangible assets	1,385	1,151	2,015
Investment properties	–	22,435	–
Financial assets at fair value through profit or loss	35,205	4,500	–
Other receivables and prepayments	13,329	7,524	–
Deferred income tax assets	8,741	10,555	7,442
Investment in an associate	–	–	1,470
Total non-current assets	72,792	60,285	24,254

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Current assets			
Inventories	5,960	21,117	7,647
Trade and other receivables and prepayments	148,691	221,817	180,048
Financial assets at fair value through profit or loss	7,890	36,631	3,540
Restricted cash	227	152	242
Cash and cash equivalents	80,372	104,758	229,212
Total current assets	243,140	384,475	420,689
Total assets	315,932	444,760	444,943
Liabilities			
Non-current liabilities			
Borrowings	5,000	5,000	–
Lease liabilities	6,054	4,858	2,626
Total non-current liabilities	11,054	9,858	2,626
Current liabilities			
Borrowings	19,500	21,500	–
Lease liabilities	2,819	2,382	2,925
Trade and other payables	109,923	164,232	207,269
Contract liabilities	60,965	78,617	111,845
Current income tax liabilities	9,496	19,115	31,850
Total current liabilities	202,703	285,846	353,889
Total liabilities	213,757	295,704	356,515
Equity			
Equity attributable to owners of the Company			
Reserves	86,301	93,465	(167)
Retained earnings	12,314	57,349	76,037
Total equity attributable to owners of the Company	98,615	150,814	75,870
Non-controlling interests	3,560	(1,758)	12,558
Total equity	102,175	149,056	88,428
Total equity and liabilities	315,932	444,760	444,943

Property, Plant and Equipment

Property, plant and equipment mainly consist of equipment and machinery, vehicles and other right-of-use assets. Property, plant and equipment remained relatively stable during the Track Record Period.

Intangible Assets

Intangible assets represent our certain expenditures associated with acquiring and maintaining software used in our information technology systems. Intangible assets remained relatively stable at RMB1.2 million as of December 31, 2019 compared to RMB1.4 million as of December 31, 2018. Intangible assets then increased to RMB2.0 million as of December 31, 2020 primarily due to an increase in our information technology systems.

Investment Properties

Investment properties represent three properties we acquired in 2019 and one property we acquired in 2020 in Shanghai. We purchased such properties from one of our customers in property management services which is an Independent Third Party and state-owned large-scale reputable property developer because we considered the purchase of such properties as a good investment opportunity, and we might be able to hold these properties for capital appreciation. We disposed of these properties in September 2020 to an Independent Third Party, a real estate agent, as we decided to adopt an asset-light business model and improve our liquidity. The purchaser was one of our customers in the community value-added services during the Track Record Period and its ultimate controlling shareholder, namely Ms. Lai Haiping, is a limited partner of Deqing Hongxiang Enterprise Management Partnership (Limited Partnership) (德清虹祥企業管理合伙企業(有限合伙)), which is a shareholder of our subsidiary Xier Technology. The selling price was determined after arm's length negotiations and were comparable to those of the properties at similar locations. There was no fair value change in investment properties in 2019 and upon the disposal in 2020. We did not recognize any gain or loss from the disposal of the investment properties. The total carrying amount of our investment properties decreased from RMB22.4 million as of December 31, 2019 to nil as of December 31, 2020, primarily because we disposed of these properties in 2020.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss primarily represent wealth management products we purchased from financial institutions. During the Track Record Period, under limited circumstances, we purchased low-risk investments for cash management purposes from licensed commercial banks and a trust company.

The following table sets forth a breakdown of our wealth management products balance by issuing entities as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Commercial banks	7,890	5,920	3,540
A trust company	30,705	30,711	–
Total	38,595	36,631	3,540

Our wealth management products purchased from licensed commercial banks were standardized and relatively short-term wealth management products that were not principal-protected issued by such banks which had terms ranging from 45 to 270 days with estimated annualized return rates ranging from approximately 1.0% to 4.0%. Our wealth management product purchased from the trust company had a term of two years with an estimated annualized return rate of 9.4%. This trust financing product was established to raise funds for an entity controlled by Mr. Hu that purchased or leased serviced apartments. To the best knowledge our Company, our wealth management products with this trust company of RMB30.7 million as of December 31, 2019 only accounted for 9.5% of the total size of this trust financing product in March 2020. Other than wealth management product purchased from this trust company, none of our pre-IPO investors, Directors and their ultimate beneficial owners were in any way involved in the procurement of our wealth management products or had any relationship with such product or the investments underlying such product. There were no official credit risk ratings with regard to the wealth management products we purchased during the Track Record Period. However, although our wealth management products purchased from licensed commercial banks were not principal-protected, we believe the credit risk was low because (i) we purchased such wealth management products from reputable licensed commercial banks; (ii) we typically chose to purchase products that comprised low-risk financial products with short-term or flexible redemption options; and (iii) we did not experience any loss during the Track Record Period from wealth management product purchased. We believe our credit risk related to wealth management product purchased from the trust company was also low though such product was not principal-protected primarily because (i) the trust financing arrangement was established by a reputable licensed trust company; and (ii) we disposed of such wealth management product in March 2020 without any loss. As of December 31, 2018, 2019 and 2020, our financial assets at fair value through profit or loss amounted to RMB43.1 million, RMB41.1 million and RMB3.5 million, which were all classified as level 3 financial assets in terms of inputs to valuation methods used to estimate fair value. We disposed of the wealth management product of RMB30.7 million financial assets at fair value through profit or loss to entities controlled by Mr. Hu in 2020 to improve our liquidity and expand our multiple service lines. For more details of fair value estimation, see note 3.3 to the Accountant's Report set out in Appendix I to this prospectus.

To manage our cash on hand, we purchase and redeem wealth management products from which we could readily access cash as needed and generate higher short-term investment returns than fixed-rate returns from bank deposits, as we consider that these products are highly liquid and bear a relatively low level of risk. We only invest in such products when we have excess idle cash and when such investments will not affect our cash needs during the ordinary course of our business operations. The underlying financial assets of the wealth management products in which we invested during the Track Record Period primarily consist of (i) highly liquid assets, including, but not limited to, PRC Government bonds, financial bonds, corporate bonds, enterprise bonds, short-term financing instruments, medium-term notes, subordinated bonds and other investment-grade debt instruments; and (ii) various types of asset management plans, or a combination of any of the foregoing, which are generally the low-risk wealth management products issued by nationally renowned banks and other financial institutions in the PRC.

We have implemented a series of internal control policies regarding investment to ensure that the purpose of investment is to preserve capital and liquidity, and we would only purchase financial products under limited circumstances. Our finance department is responsible for managing our investment activities, and investment decisions of our finance department are subject to review and approval of our management team. Prior to making a proposal to invest in financial products, we assess and ensure that there remains sufficient working capital for our business needs, operating activities, research and development and capital expenditures even after purchasing such financial products. We adopt a prudent approach in selecting financial products. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, such as duration of investment and the expected returns. To control our risk exposure, we mainly invest in financial products offered by reputable commercial banks or reputable financial institutions. We generally select financial products with terms ranging from 45 days to two years. After making an investment, we closely monitor its performance and fair value on a regular basis. We may continue to take a prudent approach in making selective investments in wealth manage products under limited circumstances after the Listing, following our criteria for investment, including, among others, (i) the wealth management products should be highly liquid and contain a relatively low level of risk; (ii) we only invest in such products when such investment will not affect our cash needs; and (iii) the expected annualized return should be above the fixed-rate returns from bank deposits. We do not plan to invest in wealth management products linked to Mr. Hu and its associates in the foreseeable future after the Listing.

Inventories

Inventories represent (i) carpark spaces we purchased from property developers for subsequent sale within a period of time under our property sales and assistance services; (ii) food, beverage and other materials purchased under our clubhouse services; (iii) raw materials purchased for the development of our smart community solutions; and (iv) work in progress and finished products of our smart community solutions. Our inventories increased from RMB6.0 million as of December 31, 2018 to RMB21.1 million as of December 31, 2019, primarily because we started our carpark sales services in 2019 where we purchased carpark spaces at properties under our management. These carpark spaces were treated as our inventories instead of investment properties on our consolidated balance sheet. Our inventories subsequently decreased to RMB7.6 million as of December 31, 2020 due to (i) a decrease in carpark spaces held by us as we sold out all of our carpark spaces as of September 30, 2020; and (ii) a decrease in food, beverage and other materials under our clubhouse services and raw materials, work in progress and finished products under smart community solutions. We decided to adopt an asset-light model where we assist property developers in marketing their properties and receive commission based on a fixed amount or percentage of the contract price. We started to provide such services in the third quarter of 2020. As of Latest Practicable Date, among the inventories of RMB7.6 million as of December 31, 2020, RMB3.5 million, representing approximately 46.1% of inventories as of December 31, 2020, had been utilized or sold.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. Our trade receivables mainly arise from property management services, value-added services to non-property owners and community value-added services.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Trade receivables			
Related parties	22,517	56,774	26,162
Third parties	111,410	144,212	119,923
	133,927	200,986	146,085
Less: allowance for impairment of trade receivables	(10,786)	(14,942)	(16,604)
	123,141	**186,044**	**129,481**

Before allowance for impairment, our trade receivables increased from RMB133.9 million as of December 31, 2018 to RMB201.0 million as of December 31, 2019 in line with our business expansion. Our trade receivables decreased from RMB201.0 million as of December 31, 2019 to RMB146.1 million as of December 31, 2020 primarily due to our enhanced collection efforts with respect to trade receivables from property management services, sales office management services and preliminary planning and design consultancy services. Before allowance for impairment, trade receivables from third parties constituted a majority of our trade receivables, accounting for 83.2%, 71.8% and 82.1% of our total trade receivable as of December 31, 2018, 2019 and 2020, respectively, primarily because we derived a majority of our revenue from property management services provided to independent third-party property customers.

As of the Latest Practicable Date, RMB90.6 million, accounting for approximately 62.0% of our total trade receivables as of December 31, 2020 had been settled, among which, RMB25.0 million, accounting for approximately 95.4% of trade receivables from related parties, and RMB65.6 million, accounting for approximately 54.7% of trade receivables from third parties as of December 31, 2020 had been settled. The subsequent settlement for trade receivables from third parties was relatively low primarily because property owners tend to pay property management fees in one or more installments during or towards the second half of the year and in light with this payment pattern, we typically enhance our collection efforts in the last the quarter of the year. According to CIA, this is also in line with the industry norm.

The following table sets forth our trade receivable turnover days for the years indicated:

	Year ended December 31,		
	2018	2019	2020
Trade receivables turnover days[(1)]	86	110	83
Trade receivables turnover days for related parties[(1)]	76	108	70
Trade receivables turnover days for third parties[(1)]	88	111	89

Note:

(1) Our trade receivables turnover days for a period is derived by dividing the average of beginning and closing balances of trade receivables (net of allowance for impairment) by revenue for the relevant period and then multiplied by the number of days in the relevant period.

Trade receivables turnover days indicate the time required for us to collect cash payments from provision of services or sales of goods. Our trade receivables turnover days increased from 86 days in 2018 to 110 days in 2019, primarily as a result of (i) increases in trade receivables from preliminary planning and design consultancy services, sales office management services and property inspection and repair services which typically have longer collection period; and (ii) increases in trade receivables from property management services as a result of increases in GFA and number of properties under our management in line with our business growth. The decrease in our trade receivables turnover days from 110 days in 2019 to 83 days in 2020 was due to our enhanced collection efforts that reduced our trade receivables from sales office management services and preliminary planning and design consultancy services.

Our trade receivables turnover days for related parties increased from 76 days in 2018 to 108 days in 2019, primarily due to (i) increases in trade receivables from services that typically have longer collection periods; and (ii) longer collection periods granted to related parties resulting from our long-term cooperation relationship and their good credit history. The decrease in our trade receivables turnover days from 108 days in 2019 to 70 days in 2020 was due to increases in trade receivables from (i) smart community solutions as we started to offer smart community solutions that integrate, among other things, visitor management, traffic control, carpark management, progress control, energy conservation and fire control capabilities, leveraging data analysis and processing capability; and (ii) property sales assistance services as we started to provide such services in the second half of 2020, both of which typically have shorter collection periods.

Our trade receivables turnover days for third parties increased from 88 days in 2018 to 111 days in 2019, primarily because we granted longer collection periods to new customers, primarily third parties, with which we wish to collaborate closely in the future. Our trade receivables turnover days for third parties decreased from 111 days in 2019 to 89 days in 2020 primarily because our enhanced collection efforts that reduced our trade receivables and our prepayment policy instituted for several properties under our management.

Trade receivables from customers, consisting of subsidiaries of an independent third-party property developer with which we commenced business relationship in recent years, accounted for approximately 15.8% of our total trade receivables as of December 31, 2019. Our collection periods, calculated based on trade receivables turnover days, for these customers were 280 days, 489 days and 255 days in 2018, 2019 and 2020, respectively, higher than the average trade receivables turnover days for third parties in the respective years. We granted longer collection periods primarily because such customer is a state-owned large-scale reputable property developer with which we intended to establish a sustainable collaboration. We generally granted a credit term ranging from 30 to 180 days to such customer. However, the actual collection period was longer primarily because we intended to maintain a stable cooperative relationship with such customer. Our revenue attributable to such customer and its subsidiaries was RMB18.5 million, RMB21.0 million and RMB26.1 million, respectively, in 2018, 2019 and 2020, representing 4.7%, 4.1% and 3.8%, respectively, of our total revenue in the corresponding years. Our trade receivables attributable to such customer and its subsidiaries were RMB30.4 million, RMB31.8 million and RMB10.7 million, respectively, as of December 31, 2018, 2019 and 2020.

The following table sets forth an aging analysis of our trade receivables based on recognition date as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
0-180 days	64,376	116,208	90,180
181-365 days	39,783	32,302	11,035
One to two years	21,235	37,813	19,255
Two to three years	5,106	9,480	18,910
Over three years	3,427	5,183	6,705
Total	**133,927**	**200,986**	**146,085**

The following table sets forth an aging analysis of our trade receivables from related parties based on recognition date as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
0-180 days	17,913	50,109	21,402
181-365 days	3,665	2,374	2,381
One to two years	475	3,995	1,895
Two to three years	428	269	361
Over three years	36	27	123
Total	**22,517**	**56,774**	**26,162**

The following table sets forth an aging analysis of our trade receivables from third parties based on recognition date as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
0-180 days	46,463	66,099	68,778
181-365 days	36,118	29,928	8,654
One to two years	20,760	33,818	17,360
Two to three years	4,678	9,211	18,549
Over three years	3,391	5,156	6,582
Total	**111,410**	**144,212**	**119,923**

As of the Latest Practicable Date, approximately RMB65.7 million, representing 64.9% of trade receivables aged less than one year as of December 31, 2020, was subsequently settled; approximately RMB8.4 million, representing 43.5% of trade receivables aged from one to two years as of December 31, 2020, was subsequently settled; approximately RMB14.2 million, representing 75.1% of trade receivables aged from two to three years as of December 31, 2020, was subsequently settled; and approximately RMB2.4 million, representing 35.8% of trade receivables aged over three years as of December 31, 2020, was subsequently settled.

The following table sets forth a breakdown of our trade receivables by business line as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Property management services	101,492	134,395	107,116
Value-added services to non-property owners	23,488	55,550	23,612
Community value-added services	8,947	11,041	15,357
Total	**133,927**	**200,986**	**146,085**
Less: allowance for impairment of trade receivables	(10,786)	(14,942)	(16,604)
	123,141	**186,044**	**129,481**

The following table sets forth an aging analysis of our trade receivables by due date as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Not past due	18,444	60,109	23,786
Due by:			
1-180 days	56,637	63,728	67,291
181-365 days	33,817	26,256	11,761
One to two years	17,009	37,677	18,164
Two to three years	4,604	8,454	18,559
Over three years	3,416	4,762	6,524
Total	**133,927**	**200,986**	**146,085**
Less: allowance for impairment of trade receivables	(10,786)	(14,942)	(16,604)
	123,141	**186,044**	**129,481**

We assess the recoverability of our trade receivables regularly and make impairment provision when necessary. See table above for impairment provision for trade receivables and note 2.11 to the Accountant's Report set forth in Appendix I to this prospectus for and discussion below for accounting policies in relation to impairment. Our trade receivables mainly consisted of property management fees due from property owners and residents who were Independent Third Parties, and we have adopted a series of measures for the collection of property management fees to facilitate the payment of property management fees in a timely manner including monitoring the collection progress on a real-time basis and regularly communicating with property owners and residents. For customers whose property management fees are overdue for over three months, we may visit property owners or residents in person and issue notices to remind them of their outstanding property management fees. In addition, we may also seek legal actions as a last resort to seek long overdue property management fees from property owners and residents. We also set collection rate as monthly performance indicator and closely monitor the collection status, conduct regular assessment and analysis, and follow up on collection of outstanding amounts of trade receivables. Further, for trade receivables from related parties, we also designate responsible personnel to track the progress of collecting trade receivables, and regularly evaluate employee performance based on collection rate. If the recoverability of our trade receivables becomes lower than expected, we may provide for allowance for impairment of trade receivables. 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/or property developers and as a result incur impairment losses on our trade receivables."

We apply the simplified approach to provide for expected credit losses prescribed by HKFRS 9 which uses a lifetime expected loss allowance for all trade receivables and requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, we primarily take into account the historical payment records of customers and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. See note 2.11 to the Accountant's Report in Appendix I to this prospectus. As of December 31, 2018, 2019 and 2020, we made provision of RMB10.8 million, RMB14.9 million and RMB16.6 million respectively, against the gross amounts of trade receivables. See note 3.1.1 and note 21 to the Accountant's Report in Appendix I to this prospectus. We adopt various measures to expedite the recovery of trade receivables. See "Business—Property Management Services—Payment and Credit Terms" for more information.

As of December 31, 2020, trade receivables from our top 10 debtors that were overdue over one year from the top 10 debtors amounted to RMB9.2 million, representing 21.3% of our total trade receivables that were overdue over one year as of the same date, primarily due to (i) longer settlement period of the state-owned large-scale property developer for the purpose of maintaining long-term relationship. We expect to settle our outstanding trade receivables with such state-owned large-scale property developer on or before July 31, 2021. See "—Description of Certain Consolidated Balance Sheet Items—Trade Receivables" above for more information; (ii) late payment of property management fees for unsold or unrented commercial property units; (iii) longer settlement period of a state-owned customer which typically requires longer time to obtain internal approvals for payments; and (iv) an immaterial dispute arising in the ordinary course of our business that resulted in late payment of property fees of one property management customer. As of the Latest Practicable Date, RMB5.9 million, or 64.1%, of our trade receivables from our top 10 debtors that were overdue over one year as of December 31, 2020 was subsequently settled.

We believe there is no recoverability issue for balances from related parties that were overdue over one year, primarily due to the long-term cooperative relationship with Dexin Group and its joint ventures and associates and their good credit history and financial performance. As of April 30, 2021, all trade receivables from Dexin Group and its joint ventures and associates that were overdue over one year had been settled in full.

Trade receivables from Independent Third Parties primarily represent outstanding property management fee from independent third-party property developers and property owners. In respect of the independent third-party property developers, the trade receivable balance with the state-owned large scale reputable property developer represented 22.7%, 15.8% and 7.3% of the total trade receivable during the Track Record Period. Taking into account its business scale, credit history and financial performance, we believe that the risk of recoverability issue with this customer is low. There was no other single customer with trade receivable balance over 5% of our total trade receivable during the Track Record Period. Given that our customer base was diversified and the trade receivable balance with each of the remaining single customers was not material, we believe that we do not have material risk on the credit concentration. In respect of trade receivables with property owners, we have adopted a series of enhanced measures for the collection of property management fees to facilitate the payment in a timely manner as mentioned in the above. Therefore, we believe that there was no material recoverability issue for the balances from Independent Third Parties that were overdue over one year. We make periodic collective assessments for trade receivables as well as individual assessments on the recoverability of trade receivables based on historical settlement records and past experience, and made impairment provisions as appropriate.

Our Group measures the expected credit loss by grouping trade receivables based on shared credit risk characteristics and the days past due and adjust the expected credit loss by incorporating certain forward looking information. Our Directors are of the view that, through the aforementioned approach, sufficient allowance for impairment has been made to reflect the recoverability of trade receivables.

Other Receivables and Prepayments

The following table sets forth a breakdown of our other receivables and prepayments as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Other Receivables			
Deposits	10,758	13,740	12,416
Payment on behalf of property owners	10,854	20,711	20,462
Others	4,905	560	553
Less: allowance for impairment of other receivables	(5,827)	(6,585)	(7,474)
Total Other Receivables	**20,690**	**28,426**	**25,957**
Prepayments for listing expenses	–	–	3,462
Other prepayments	18,189	14,871	21,148
Total Prepayments	**18,189**	**14,871**	**24,610**

Other Receivables

Our other receivables consist of the following:

- *Deposits*, which represent deposits made for participating in tender and bidding process and performance guarantees placed by us with third parties for business contracts. Deposits increased from RMB10.8 million as of December 31, 2018 to RMB13.7 million as of December 31, 2019 in line with our business growth. Deposits decreased from RMB13.7 million as of December 31, 2019 to RMB12.4 million as of December 31, 2020 primarily due to our enhanced collection efforts with respect to refunds of deposits for unsuccessful bids.

- *Payments on behalf of property owners*, which represent our payments on behalf of property owners mainly including utility costs of properties. Payments on behalf of property owners increased from RMB10.9 million as of December 31, 2018 to RMB20.7 million as of December 31, 2019 primarily due to an increase in the number of properties under our management in line with our business growth. Payments on behalf of property owners remained stable at RMB20.5 million as of December 31, 2020 compared to RMB20.7 million as of December 31, 2019.

- *Others*, which represent receivables from sales of vehicles and cash advances we made to (i) related parties; (ii) third parties; and (iii) our project managers for business development purposes. The decrease from RMB4.9 million as of December 31, 2018 to RMB0.6 million as of December 31, 2019 as primarily due to decreases in cash advances to third parties as a result of refunds of deposit driven by the termination of a takeover attempt. Others remained stable as of December 31, 2020 compared to December 31, 2019.

Prepayments

Our prepayments mainly consist of prepayments for listing expenses and other prepayments. Our other prepayments primarily represent prepayments for raw materials in relation to our smart community solutions, lift repair and maintenance expenses, investment properties and rents. Other prepayments decreased from RMB18.2 million as of December 31, 2018 to RMB14.9 million as of December 31, 2019, primarily due to our prepayments for investment properties were subsequently recognized as investment properties, as partially offset by increases in prepayment of raw materials and various expenses. The increase in other prepayments to RMB21.1 million as of December 31, 2020 primarily due to prepayments for certain properties purchased from a state-owned large-scale reputable property developer, also our customer, at a total consideration of RMB16.1 million in December 2020. As requested by the customer, we agreed to settle our trade receivables from such customer by and offset against the consideration for these properties. See note 21(c) to the Accountant's Report in Appendix I to this prospectus for details.

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Trade payables	38,152	57,010	62,331
Other payables	47,047	74,946	100,917
Accrued payroll	14,919	19,189	30,759
Other taxes payables	9,805	13,087	13,262
Total trade and other payables	109,923	164,232	207,269

Trade Payables

Our trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers/subcontractors, including purchase of utilities and materials as well as services. We enjoy different credit terms with different suppliers/subcontractors. The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Related parties	163	6,183	105
Third parties	37,989	50,827	62,226
Total	**38,152**	**57,010**	**62,331**

Our trade payables increased from RMB38.2 million as of December 31, 2018 to RMB57.0 million as of December 31, 2019, and subsequently to RMB62.3 million as of December 31, 2020 in line with the growth of our business.

Our trade payable turnover days were 36 days, 47 days and 48 days in 2018, 2019 and 2020, respectively. Our trade payable turnover days for a certain period is calculated by dividing the average of the beginning and ending balances of trade payables by cost of sales during the relevant period, multiplied by the number of days in that period. Increases in trade payable turnover days were primarily due to increases in trade payables driven by increases in procurement in line with our business growth.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Up to one year	36,811	54,808	58,996
One to two years	630	1,546	1,996
Two to three years	625	454	843
Over three years	86	202	496
Total	**38,152**	**57,010**	**62,331**

As of Latest Practicable Date, approximately RMB52.3 million, representing 83.9% of total trade payables as of December 31, 2020, was settled. Our Directors confirm that we had not defaulted on payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

Other Payables

	As of December 31,		
	2018	**2019**	**2020**
	(RMB in thousands)		
Deposits	15,849	19,130	28,137
Amounts temporarily received from/on behalf of property owners	25,151	49,200	57,990
Amounts due to related parties	5,110	5,752	338
Others	937	864	14,452
Total	**47,047**	**74,946**	**100,917**

Our other payables consist of the following:

- *Deposits*, which represent deposits we received from our suppliers/subcontractors. Deposits increased from RMB15.8 million as of December 31, 2018 to RMB19.1 million as of December 31, 2019 and further to RMB28.1 million as of December 31, 2020 in line with our business growth.

- *Amounts temporarily received from/on behalf of property owners*, which represent utility expenses temporarily collected from the property owners to be paid to related service providers and rental fee collected from leasees to be returned to the property owners. Amounts received temporarily from/on behalf of property owners increased from RMB25.2 million as of December 31, 2018 to RMB49.2 million as of December 31, 2019, and further to RMB58.0 million as of December 31, 2020, primarily due to increases in cash received in rentals received on behalf of properties owners in line with our business expansion.

- *Amounts due to related parties*, which primarily represent non-interest bearing advances received from and consideration payables to related parties. The decrease in amounts due to related parties from RMB5.8 million as of December 31, 2019 to RMB0.3 million as of December 31, 2020 was due to repayments of advances to Dexin Holdings. The Group plans to settle all balances due to related parties which are non-trade in nature upon listing.

- *Others*, which mainly represent (i) accrued office expenses; (ii) payables for insurance; and (iii) payables for listing expenses. The increase from RMB0.9 million as of December 31, 2019 to RMB14.5 million as of December 31, 2020 was primarily due to the accrued of listing expenses of RMB11.2 million and the increase of other accrued expenses in 2020.

Lease Liabilities

We lease certain properties for our business operations, as well as employee dormitories we leased for our employees' use. As required by HKFRS 16, we record the present value of lease payment we were committed to pay under the lease agreements as lease liabilities. Lease liabilities decreased from RMB8.9 million as of December 31, 2018 to RMB7.2 million as of December 31, 2019 and further to RMB5.6 million as of December 31, 2020 as we gradually reduced the number of dormitories provided to employees to control costs.

Contract Liabilities

Our contract liabilities mainly arise from the advance payments made by customers while the underlying services are yet to be performed. Such liabilities increased as a result of the growth of our business. As time lapses and as we complete these services according to the respective agreements, we recognize service or commission revenues and reduce contract liabilities.

Our contract liabilities increased from RMB61.0 million as of December 31, 2018 to RMB78.6 million as of December 31, 2019, and further to RMB111.8 million as of December 31, 2020, primarily due to the increase in payments made by our customers resulted by the increase in the number of properties under our management as a result of our business expansion. Such increase was partially attributable to measures implemented by us in late 2020 to encourage advance payments of property management fees.

NET CURRENT ASSETS OR LIABILITIES

The following table sets forth a breakdown of our net current assets or liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
				(unaudited)
		(RMB in thousands)		
Current assets				
Inventories	5,960	21,117	7,647	8,716
Trade and other receivables and prepayments	148,691	221,817	180,048	206,209
Financial assets at fair value through profit or loss	7,890	36,631	3,540	–
Restricted cash	227	152	242	242
Cash and cash equivalents	80,372	104,758	229,212	205,308
Total current assets	**243,140**	**384,475**	**420,689**	**420,475**
Current liabilities				
Borrowings	19,500	21,500	–	–
Lease liabilities	2,819	2,382	2,925	4,082
Trade and other payables	109,923	164,232	207,269	183,687
Contract liabilities	60,965	78,617	111,845	133,339
Current income tax liabilities	9,496	19,115	31,850	2,826
Total current liabilities	**202,703**	**285,846**	**353,889**	**323,934**
Net current assets	**40,437**	**98,629**	**66,800**	**96,541**

Our net current assets increased from RMB40.4 million as of December 31, 2018 to RMB98.6 million as of December 31, 2019, primarily due to an RMB141.3 million increase in current assets primarily driven by increases in inventories, financial assets at fair value through profit or loss, trade and other receivables and prepayments and cash and cash equivalents in line with our business growth. Such increase was partially offset by an RMB83.1 million increase in current liabilities primarily driven by increases in trade and other payables and contract liabilities in line with our business growth.

Our net current assets decreased from RMB98.6 million as of December 31, 2019 to RMB66.8 million as of December 31, 2020, primarily due to an RMB68.0 million increase in current liabilities primarily driven by increases in trade and other payables and contract liabilities in line with our business growth. Such increases were partially offset by an RMB36.2 million increase in current assets primarily driven by an increase in cash and cash equivalents in line with our business growth.

Our net current assets increased from RMB66.8 million as of December 31, 2020 to RMB96.5 million as of April 30, 2021 primarily driven by an increase in trade and other receivables and prepayments in line with our business growth. Such increase was also attributable to a decrease in current liabilities primarily driven by a decrease in trade and other payables and a decrease in current income tax liabilities as a result of our tax payment in January 2021.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are expenses related to our business expansions. Our main sources of liquidity are proceeds from our business operations. In the foreseeable future, we expect these sources to continue to be our principal sources of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements.

Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2018	2019	2020
	(RMB in thousands)		
Operating cash flows before changes in working capital	45,393	79,373	143,908
Changes in working capital	(25,041)	(20,865)	129,143
Cash generated from operations	20,352	58,508	273,051
Income tax paid	(3,405)	(9,535)	(14,706)
Net cash flows generated from operating activities	16,947	48,973	258,345
Net cash flows (used in)/generated from investing activities	(29,348)	(16,935)	65,274
Net cash flows generated from/(used in) financing activities	5,692	(7,652)	(199,165)
Net (decrease)/increase in cash and cash equivalents	(6,709)	24,386	124,454
Cash and cash equivalents at beginning of year	87,081	80,372	104,758
Cash and cash equivalents at end of year	80,372	104,758	229,212

Operating Activities

Cash flows from operating activities reflect (i) profit before income tax adjusted for non-cash and non-operating items, such as, among other things, depreciation of property, plant and equipment, amortization of intangible assets and allowance for impairment of trade and other receivables, finance costs and finance income and net gains on financial assets at fair value through profit or loss; and (ii) movements in working capital, such as changes in trade and other receivables and prepayments, trade and other payables, contract liabilities and inventories.

In 2020, net cash from operating activities amounted to RMB258.3 million, which was the result of cash generated from operations of RMB273.1 million and income tax paid of RMB14.7 million. Our cash generated from operations of RMB273.1 million primarily reflected (i) profit before income tax of RMB136.3 million; (ii) positive adjustments before movement in working capital of RMB143.9 million, which primarily reflected positive adjustment of depreciation of property, plant and equipment of RMB7.9 million, positive adjustment for allowance for impairment of trade and other receivables of RMB2.7 million, and positive adjustment for finance cost of RMB2.2 million, as partially offset by negative adjustment for finance income of RMB2.8 million and net fair value gains on financial assets at fair value through profit or loss of RMB2.5 million; and (iii) positive changes in working capital of RMB129.1 million, which primarily reflected positive change in trade and other payables of RMB43.6 million, positive change in contract liabilities of RMB33.1 million, positive change in inventory of RMB13.5 million, and positive change in trade and other receivables and prepayments of RMB39.0 million.

In 2019, net cash from operating activities amounted to RMB49.0 million, which was the result of cash generated from operations of RMB58.5 million and income tax paid of RMB9.5 million. Our cash generated from operations of RMB58.5 million primarily reflected (i) profit before income tax of RMB67.9 million; (ii) positive adjustments before movement in working capital of RMB11.5 million, which primarily reflected positive adjustment for depreciation of property, plant and equipment of RMB6.4 million, positive adjustment for allowance for impairment of trade and other receivables of RMB6.0 million, and positive adjustment for finance cost of RMB3.4 million, as partially offset by negative adjustment for finance income of RMB1.3 million and net fair gains on financial assets at fair value through profit or loss of RMB3.2 million; and (iii) negative changes in working capital of RMB20.9 million, which primarily reflected negative change in trade and other receivables and prepayments of RMB78.5 million and negative change in inventory of RMB15.2 million, as partially offset by positive changes in trade and other payables of RMB55.1 million and contract liabilities of RMB17.7 million.

In 2018, net cash from operating activities amounted to RMB16.9 million, which was the result of cash generated from operations of RMB20.4 million and income tax paid of RMB3.4 million. Our cash generated from operations of RMB20.4 million primarily reflected (i) profit before income tax of RMB31.7 million; (ii) positive adjustments before movement in working capital of RMB13.7 million, which primarily reflected positive adjustment for depreciation of property, plant and equipment of RMB6.3 million, positive adjustment for allowance for impairment of trade and other receivables of RMB7.4 million, positive adjustment for finance cost of RMB2.3 million, as partially offset by negative adjustment for net fair gains on financial assets at fair value through profit or loss of RMB2.1 million; and (iii) negative changes in working capital of RMB25.0 million, which primarily reflected negative change in trade and other receivables and prepayments of RMB64.7 million and negative change in inventory of RMB3.2 million, as partially offset by positive changes in trade and other payables of RMB30.7 million and contract liabilities of RMB12.2 million.

Investing Activities

In 2020, our net cash generated from investing activities amounted to RMB65.3 million, primarily reflected an RMB312.8 million proceeds from disposal of financial assets at fair value through profit or loss, an RMB70.0 million repayment of loans from related parties, an RMB30.3 million proceeds from disposal of investment properties and an RMB2.8 million interest received, as partially offset by acquisition of financial assets at fair value through profit or loss of RMB272.6 million, loans to related parties of RMB70.0 million and purchases of property, plant and equipment of RMB7.1 million.

In 2019, our net cash used in investing activities amounted to RMB16.9 million, primarily reflected an RMB49.2 million purchase of financial assets at fair value through profit or loss, an RMB12.0 million loans to related parties, an RMB5.8 million purchases of property, plant and equipment, and an RMB17.4 million payment for purchase of investment properties, as partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB54.4 million, repayment of loans from related parties of RMB12.0 million, and interest received of RMB1.3 million.

In 2018, our net cash flows used in investing activities amounted to RMB29.3 million, primarily reflected an RMB110.7 million purchase of financial assets at fair value through profit or loss, an RMB1.4 million purchases of property, plant and equipment, as partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB82.8 million.

Financing Activities

In 2020, our net cash used in financing activities amounted to RMB199.2 million, primarily reflecting an RMB69.2 million dividends paid, an RMB128.5 million deemed distribution to the then Shareholder, an RMB74.3 million repayments of bank and other borrowings, as partially offset by proceeds from bank and other borrowings of RMB47.8 million, capital contribution from the then shareholder of a company now comprising the Group of RMB15.0 million, capital injection by a third party investor of RMB7.6 million and deemed contribution from the Controlling Shareholder of RMB7.6 million.

In 2019, our net cash used in financing activities amounted to RMB7.7 million, primarily reflecting an RMB3.7 million deemed distributions to the Controlling Shareholder of the Group, an RMB28.0 million repayment of bank and other borrowings, an RMB3.0 million interest paid, and an RMB3.0 million principal elements of lease payments, as partially offset by proceeds from bank and other borrowings of RMB30.0 million.

In 2018, our net cash generated from financing activities amounted to RMB5.7 million, primarily reflected an RMB31.9 million proceeds from bank and other borrowings, an RMB11.0 million deemed contribution from the Controlling Shareholders of the Group, as partially offset by dividends paid of RMB11.2 million, repayments of bank and other borrowings of RMB21.2 million, interest paid of RMB1.8 million, and principal elements of lease payments of RMB3.1 million.

Working Capital Sufficiency

Our Directors are of the opinion that, after taking into account the financial resources available to us, including our cash and cash equivalents, cash generated from operations as well as estimated net proceeds of the Global Offering, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

INDEBTEDNESS

Except as disclosed below and apart from intra-group liabilities, as of April 30, 2021, we did not have any other material borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, or authorized or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, material contingency liabilities or guarantees. As of April 30, 2021, we did not have any unutilized banking facilities.

Borrowings

Our total borrowings amounted to RMB24.5 million and RMB26.5 million as of December 31, 2018 and 2019, respectively. The following table sets forth the components of the interest-bearing borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2018	**2019**	**2020**	**2021**
				(unaudited)
		(RMB in thousands)		
Non-current:				
Bank borrowings – Guaranteed[(1)]	5,000	5,000	–	–
Current:				
Bank borrowings				
– Guaranteed[(1)]	–	–	–	–
– Unsecured	–	5,000	–	–
Other borrowings				
– Guaranteed[(1)]	15,000	–	–	–
– Unsecured	4,500	16,500	–	–
	19,500	21,500	–	–
Total	**24,500**	**26,500**	**–**	**–**

Note:

(1) Mr. Hu and other entities controlled by Mr. Hu provided guarantees with respect to such borrowings. Such guarantees had been released as of the Latest Practicable Date.

Lease Liabilities

We lease properties in the PRC mainly as our offices and employee dormitories. The following table sets forth our current and non-current lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
				(unaudited)
		(RMB in thousands)		
Lease liabilities				
Current	2,819	2,382	2,925	4,082
Non-current	6,054	4,858	2,626	1,511
Total lease liabilities	**8,873**	**7,240**	**5,551**	**5,593**

See "—Description of Certain Consolidated Balance Sheet Items—Lease Liabilities."

CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure

Our capital expenditure during the Track Record Period primarily represented expenditures incurred relating to purchase of property, plant and equipment, intangible assets and investment properties. Our total capital expenditure was RMB2.4 million, RMB29.2 million and RMB8.2 million, in 2018, 2019 and 2020, respectively.

Our Directors estimate that our capital expenditure for the year ending December 31, 2021 will be RMB11.4 million. Such estimate represents the total capital expenditure we expect to incur based on our existing business plans. We may adjust our business plans and the estimated total capital expenditure may also change.

Operating Lease Commitments

During the Track Record Period, our operating lease (short-term and low-value lease) commitments under non-cancellable operating leases was RMB1.7 million, RMB2.7 million and RMB2.0 million, as of December 31, 2018, 2019 and 2020, respectively.

Capital Commitments

Our capital commitments amounted to RMB8.9 million as of December 31, 2018 and nil as of December 31, 2019 and 2020.

Contingent Liabilities

During the Track Record Period, we did not have any significant contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have during the Track Record Period, and we do not currently have any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. We do not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us.

SUMMARY OF KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,		
	2018	2019	2020
Current ratio(1)	1.2	1.3	1.2
Gearing ratio(2)	24.0%	17.8%	–
Return on total assets(3)	8.2%	13.3%	23.8%
Return on equity(4)	27.9%	40.2%	89.1%

Notes:

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

(2) 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%.

(3) Return on total assets ratio is calculated based on profit for the year divided by the average balance of our total assets at the beginning and end of the year and multiplied by 100%.

(4) Return on equity ratio is calculated based on profit for the year divided by the average balance of our total equity at the beginning and end of the year and multiplied by 100%.

Current Ratio

Our current ratio were relatively stable at 1.2 times as of December 31, 2018, 1.3 times as of December 31, 2019 and 1.2 times as of December 31, 2020.

Gearing Ratio

Our gearing ratio decreased from 24.0% as of December 31, 2018 to 17.8% as of December 31, 2019, primarily due to increases in retained earnings as a result of our operation. Our gearing ratio further decreased from 17.8% as of December 31, 2019 to nil as of December 31, 2020, primarily due to the significant decrease in total borrowings from RMB26.5 million as of December 31, 2019 to nil as of December 31, 2020.

Return on Total Assets

Our return on total assets increased from 8.2% in 2018 to 13.3% in 2019, and further to 23.8% in 2020. These increases were primarily attributable to increases in our profit as we continued to improve our profitability during the Track Record Period.

Return on Equity

Our return on equity increased from 27.9% in 2018 to 40.2% in 2019, and further to 89.1% in 2020. These increases were primarily attributable to increases in our profit as we continued to improve our profitability during the Track Record Period. The increase from 2019 to 2020 was also attributable to a decrease in our total equity as a result of dividends declared by a company now comprising our Group to its then shareholders of RMB69.2 million and deemed distribution to the Controlling Shareholder of RMB128.5 million.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk and liquidity risk. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

Interest Rate Risk

We closely monitor interest rate trend and its impact on our interest rate risk exposure. Borrowings issued at fixed rates and lease liabilities expose us to fair value interest rate risk. We currently have not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

Other than interest-bearing short-term deposits and loans to related parties, we have no other significant interest-bearing assets. Our Directors do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of short-term deposits and loans to related parties are not expected to change significantly.

Credit Risk

We are exposed to credit risk in relation to our operating lease and trade receivables, other receivables and cash deposits at banks. The carrying amounts of trade receivables, other receivables, cash and cash equivalents and restricted cash represent our maximum exposure to credit risk in relation to financial assets.

We expect that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. We do not expect that there will be any significant losses from non-performance by these counterparties.

We expect that the expected loss rate for trade receivables from related parties were low considering the good finance position and credit history of the related parties. Apart from trade receivables due from related parties, we also have large number of customers and there was no concentration of credit risks.

We expect that the credit risk associated with other receivables due from related parties is considered to be low, since they have a strong capacity to meet its contractual cash flow obligations in the near term. For other receivables other than those from related parties, we make periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. We believe that there is no material credit risk inherent in our outstanding balance of other receivables.

For details, see note 3.1.1 to the Accountant's Report included in Appendix I to the prospectus.

Liquidity Risk

To manage the liquidity risk, we monitor and maintain an adequate level of cash and cash equivalents to finance our operations and mitigate the effects of fluctuations in cash flows. For details on our financial liabilities by relevant maturity grouping at each balance sheet date, see note 3.1.2 to the Accountant's Report included in Appendix I to the prospectus.

RELATED PARTY TRANSACTIONS

Significant Related Party Transactions

During the Track Record Period, we entered into transactions with certain related party from time to time. 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. See note 31 to the Accountant's Report in Appendix I to this prospectus for a detailed discussion of related party transactions.

Provision of Services

We provide property management services, community value-added services and value-added services to non-property owners to our related parties. In 2018, 2019 and 2020, revenue recorded for providing services to related parties amounted to RMB66.8 million, RMB133.1 million and RMB215.8 million, respectively.

Rental Expenses

We leased certain properties from related parties as offices and employee dormitories. In 2018, 2019 and 2020, rental expenses recorded from related parties amounted to RMB0.1 million, RMB0.2 million and RMB1.3 million, respectively.

Purchase of Carpark Spaces

We commenced our carpark sales services in July 2019. In 2019 and 2020, our purchases of carpark spaces from related parties amounted to RMB20.9 million and RMB11.0 million, respectively, driven by a decrease in the number of carpark spaces we purchased. We sold all of our carpark spaces as of September 30, 2020. We decided to adopt an asset-light model where we assist property developers in marketing their properties and receive commission based on a fixed amount or percentage of the contract price. We started to provide such services in the third quarter of 2020.

Finance Expenses/Income

In 2018, 2019 and 2020, we recorded finance expenses of RMB1.5 million, RMB1.8 million and RMB0.3 million, respectively. These finance expenses were mainly related to Xier Technology's interest payment to related parties. We made interest-bearing advances to related parties during the Track Record Period and recorded finance income. In 2019 and 2020, we recorded finance income of RMB0.9 million and RMB1.6 million, respectively. Such advances had been fully repaid by our related parties as of December 31, 2020.

Provision of Financial Guarantees

During the Track Record Period, Mr. Hu and other entities controlled by Mr. Hu provided guarantees with respect to our borrowings of RMB20.0 million, RMB5.0 million and nil as of December 31, 2018, 2019 and 2020, respectively. Such guarantees had been released as of the Latest Practicable Date.

Our Directors confirm that the above-mentioned transactions with the related parties were conducted on normal commercial terms and were fair and reasonable as a whole.

Balances with Related Parties

The following table sets forth the balances with related parties as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	(RMB in thousands)		
Amounts due from related parties			
Trade receivables	22,517	56,774	26,162
Other receivables-trade			
– Dexin Group and its joint ventures and associates	71	341	101
	22,588	**57,115**	**26,263**
Amounts due to related parties			
Trade payables	163	6,183	105
Other payables	5,186	5,829	389
– Dexin Group and its joint ventures and associates – trade	17	18	51
– Other entities controlled by Mr. Hu	5,169	5,811	338
– Trade	59	59	–
– Non-trade	5,110	5,752	338
Contracted liabilities	134	667	2,460
Other borrowings	13,300	16,500	–
Lease liabilities	–	63	66
	18,783	**29,242**	**3,020**

As of December 31, 2020, the balance of amount due to related parties with non-trade nature amounted RMB0.3 million, mainly representing the interest payments and security deposits payable to other entities controlled by Mr. Hu. Our Directors confirm that the Group plans to settle all balances due to related parties which are non-trade in nature before listing. For details on these transactions, see note 31 to the Accountant's Report included in Appendix I to the prospectus.

DIVIDEND AND DISTRIBUTABLE RESERVES

Shengquan Property declared dividends of RMB11.2 million and RMB69.2 million in 2018 and 2020, respectively, to its then shareholders, which did not include the subsidiaries of our Company. The aforementioned dividends declared were settled during the Track Record Period. Our Company did not declare any dividends during the Track Record Period. Any declaration of dividends is subject to our results of operations, working capital and cash position, future business and earnings, capital requirement, among other things. The payment and the amount of any future dividends, if any, will be at the sole discretion of our Board of

Directors and will also depend on above-mentioned factors and various other factors that our Board of Directors deem relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders.

As of December 31, 2020, our Group had retained earnings of RMB76.0 million. The retained earnings are 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 RMB56.0 million (based on the midpoint of the indicative Offer Price range and assuming the Over-allotment Option is not exercised) of which (i) approximately RMB12.3 million was charged to our consolidated statement of comprehensive income for the year ended December 31, 2020; (ii) approximately RMB14.7 million will be charged to our consolidated statement of comprehensive income for the year ending December 31, 2021; and (iii) approximately RMB29.0 million is expected to be accounted for as a deduction from equity upon the Listing. Our listing expenses will account for approximately 8.9% of our gross proceeds from the Global Offering (based on the midpoint of the indicative Offer Price range and assuming the Over-allotment Option is not exercised). The professional fees and/or other expenses related to the preparation of the 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 do not expect that our listing expenses will adversely affect our financial performance for the year ending December 31, 2021.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2020 (being the date to which our Company's latest consolidated audited financial results were prepared), and there has been no events since December 31, 2020 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Group attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is to show the effect of the Global Offering on the consolidated net tangible liabilities of the Group attributable to the owners of the Company as of December 31, 2020 as if the Global Offering had occurred on December 31, 2020. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of the Group had the Global Offering been completed on December 31, 2020 or any future dates.

	Audited Consolidated Net Tangible Assets attributable to owners of the Company as of December 31, 2020(1)	Estimated Net Proceeds from the Global Offering(2)	Unaudited Pro Forma Adjusted Net Tangible Assets attributable to owners of the Company as of December 31, 2020(3)	Unaudited Pro Forma Adjusted Net Tangible Assets per Share(4)(5)	
	(RMB in thousands)	*(RMB in thousands)*	*(RMB in thousands)*	*(RMB)*	*(HK$)*
Based on an Offer Price of HK$2.66 per Share	73,855	510,361	584,216	0.58	0.70
Based on an Offer Price of HK$3.44 per Share	73,855	666,332	740,187	0.74	0.89

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of December 31, 2020 is extracted from the Accountant's Report, which is based on the audited consolidated equity attributable to owners of the Company as of December 31, 2020 of approximately RMB75,870,000 with adjustments for intangible assets as of December 31, 2020 of RMB2,015,000.

(2) The estimated net proceeds from the Global Offering are based on the offer prices of HK$2.66 and HK$3.44 per Share, being the low and high ends of the stated offer price range, after deduction of the estimated underwriting fees and other related expenses payable by the Company and does not take into account any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in "Share Capital."

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming that the Global Offering and the Capitalization Issue have been completed on December 31, 2020, but do not take into account any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in "Share Capital."

(4) For purposes of the estimated net proceeds of the Global Offering and the unaudited pro forma adjusted net tangible assets per Share are converted into Hong Kong dollars and RMB at an exchange rate of HK$1.0 to RMB0.8289. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2020.

FUTURE PLANS

See "Business—Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of HK$694.9 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering, without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme, assuming an Offer Price of HK$3.05 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 the net proceeds of the Global Offering for the following purposes and in the amounts set forth below:

- Approximately 65.0% or HK$451.7 million, will be used to expand our business scale and market share through multiple channels, among which, (i) approximately 60.0% or HK$417.0 million will be used to acquire or invest in other property management companies which are with geographical influence and similar market positioning to maximize potential synergies with our existing business operations. When evaluating whether a potential investment or acquisition target has a complementary property portfolio and management expertise, we would generally prefer those property management companies that have, among other things: (a) GFA under management of at least 3.0 million sq.m.; (b) annual revenue of at least RMB50.0 million for the most recent financial year; (c) diversified property portfolios including residential and non-residential properties, in particular where the target is specialized in providing property management services for non-residential properties, as we believe acquisition of target companies with such property portfolios would enable us to further diversify our existing property portfolio and implement a "Six-Three-One" property portfolio layout. See "Business—Business Strategies—Diversify and Expand Our Property Portfolio and Service Offerings;" (d) profitability that is comparable to our projects with similar business scale; (e) a well-established presence in one or more of the top-tier cities in China that have great growth potential, which we believe would allow us to further expand our geographic coverage; and (f) reputable brand and good corporate creditworthiness. We are also more inclined to consider companies in which we would have a controlling interest to better employ our investment strategies and business integration. According to CIA, there is a sufficient number of suitable target companies available in the market that meet our criteria; and (ii) approximately 5.0% or HK$34.7 million will be used to actively identify opportunities to form joint ventures with local municipal investment companies in the cities where we operate, local property management service providers and/or local property developers, so as to obtain more projects for public facilities. As of the date of the prospectus, we have not identified or committed to any acquisition targets or parties to form joint ventures with for our use of net proceeds from the Global Offering. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation" for risks relating to our future acquisitions. If our future acquisition plan cannot materialize, we will (i) continue exploring new acquisition targets; (ii) continue expanding our market share by obtaining engagements from new customers through improving service quality and enhancing our brand recognition; (iii) enhance our relationship with existing customers to obtain new engagements; and (iv) acquire new property management service agreements through participating in public tenders.

- Approximately 10.0% or HK$69.5 million, will be used to diversify and expand our service offerings, including but not limited to community retail and home services, commercial consulting services and property sales and assistance services. Our Directors are of the view, and were so advised by CIA, that demands for the aforementioned services are sufficient and will likely experience an increase, benefiting from the favorable governmental policies in support of diversification of property management service offerings, coupled with increases in the number of property purchasers, urbanization rate as well as per capita disposable income of urban households. Specifically, we plan to cooperate with specialty service companies to enhance our expertise and capabilities to diversify and expand the aforementioned service offerings through the following means: (i) to acquire equity interest in a specialty service company, such as home service provider with a well-established supply chain; (ii) to form joint ventures with specialty service companies from industries with comparatively high profitability, such as the home services industry; and (iii) to enter into strategic cooperation agreements with certain specialty service companies.

- Approximately 10.0% or HK$69.5 million, will be used to invest in information technologies and our internal management system(s) to improve service quality and customer experience. Specifically, we plan to (i) introduce smart device and intelligent facilities into communities under our management. Such smart device and intelligent facilities may include smart parking systems, contactless payment systems, automatic car plate recognition systems, electric vehicle charging stations and facial recognition systems; (ii) invest in and develop our information technology system which would further enable us to develop a property management data analysis and processing platform; (iii) upgrade our internal management systems, including but not limited to our financial management system, office management system and human resource management system; and (iv) develop and upgrade our online service system(s). We plan to further develop and upgrade our online service system, Dexin Lifestyle (德信生活), which was under development as of the Latest Practicable Date and will integrate our value-added services upon completion.

- Approximately 5.0% or HK$34.7 million, will be used to improve human resource management and enhance corporate culture, among which, (i) approximately 3.0% or HK$20.8 million will be used to explore diversified talent recruitment channels, and to provide competitive remuneration and benefit package which will help us attract and retain talented employees with advancement potentials; and (ii) approximately 2.0% or HK$13.9 million will be used to provide training programs, and to introduce new measures aiming to cultivate a corporate culture that promotes belonging and performance.

- Approximately 10.0% or HK$69.5 million, will be used for working capital and other general corporate purposes. We expect to have increasing needs for working capital as a result of our rapid and organic expansion as well as diversifying service offerings and property portfolio under management.

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$110.4 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$3.05 per Share, being the mid-point of the indicative Offer Price range.

If the Offer Price is determined at HK$3.44 per Offer Share, being the high end of the indicative Offer Price range stated in this prospectus, and assuming that the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK$94.1 million. If the Offer Price is fixed at HK$2.66 per Offer Share, being the low end of the indicative Offer Price range stated in this prospectus, and assuming that the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$94.1 million.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to apply the net proceeds to short-term demand deposits with authorized financial institutions and/or licensed banks. 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.

Plans for Strategic Acquisitions and Investments

Our Directors confirm that, as of the date of this prospectus, we had not identified or committed to any acquisition targets for our use of net proceeds from the Global Offering. The allocation of proceeds among the different types of targets above is subject to adjustments based on market conditions.

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.

HONG KONG UNDERWRITERS

CCB International Capital Limited
China Industrial Securities International Capital Limited
Zhongtai International Securities Limited
Vision Capital International Holdings Limited
Futu Securities International (Hong Kong) Limited
Valuable Capital Limited
I Win Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 25,000,000 Hong Kong Offer Shares and the International Offering of initially 225,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Stock Exchange granting listing of, and permission to deal in, the Shares to be offered under the Global Offering as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination with immediate effect by written notice from the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Sole Sponsor at any time prior to 8:00 a.m. on the Listing Date if:

(1) there develops, occurs, exists or comes into effect:

(a). any event or series of events in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large-scale outbreak of infectious disease (excluding such epidemic, pandemic and large-scale outbreaks of diseases subsisting as of the date of the Hong Kong Underwriting Agreement which have not materially escalated thereafter), economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of our Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(b). any change, development or event involving a prospective change or any event or series of events likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(c). any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or (d). any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the Cayman Islands, the European Union (or any member thereof) or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

(e). any change or any development involving a prospective change or any event or series of events which will or is 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

(f). any change or development or event involving a prospective change, or a materialization of any of the risks set out in "Risk Factors" in this prospectus; or

(g). any change or development involving a prospective change or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of US dollar, Euro, Hong Kong dollar or Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h). any material proceedings of any third party being threatened or instigated against any member of our Group or our Controlling Shareholders; or

(i). an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, or any executive Director; or

(j). save as disclosed in "Business—Legal Proceedings and Compliance" in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws in any material respect; or

(k). a prohibition on our Company for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the Shares to be issued by our Company pursuant to the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or (l). non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(m). except with the prior approval of the Sole Sponsor, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(n). a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(o). an order or petition is presented for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(p). an executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(q). the chairman or chief financial officer of our Company vacating his office.

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(A) has or will have or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or

(B) 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

(C) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to be performed or implemented as envisaged or to market the Global Offering; or

(D) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Sole Sponsor and the Sole Global Coordinator:

(a). that any statement contained in any of this prospectus and the Application Forms in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions; or

(b). that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus, the Application Forms and/or the formal notice (including any supplement or amendment thereto); or

(c). 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

(d). any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement); or

(e). any material adverse change, or any development involving a prospective material adverse change in the assets, liabilities, properties, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group taken as a whole; or

(f). any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any material respect, any of the warranties as defined in the Hong Kong Underwriting Agreement; or (g). approval by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(h). the Company has withdrawn this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(i). any experts (other than the Sole Sponsor) which is named as an expert in the section headed "Appendix IV—Statutory and General Information—E. Other Information—8. Qualifications of Experts" in this prospectus, has withdrawn its respective consent to the issue of the Hong Kong Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and all references to its name included in the form and context in which it respectively appears; or

(j). a material portion of the orders in the book building process have been withdrawn, terminated or cancelled; or

(k). the investment commitments by any cornerstone investors after the signing of the relevant Cornerstone Investment Agreements have been withdrawn, terminated or cancelled or if any cornerstone investors is unable to fulfill its obligation under the respective cornerstone investment agreements which may have a material adverse effect on the Global Offering.

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 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 issue within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except pursuant to the Capitalization Issue, the Global Offering, the exercise of the Over-allotment Option, the options that may be granted under the Share Option Scheme and/or under the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by our Controlling Shareholders

By virtue of Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and to the Stock Exchange that, except pursuant to the Capitalization Issue, the Global Offering, the Stock Borrowing Agreement, the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, they will not and will procure that the registered holder(s) of our Shares will not:

(i) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities of our Company in respect of which he/she/it is shown to be the beneficial owners in this prospectus; and

(ii) in the period of six months commencing from the date on which the First-Six Month Period 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 our Shares or securities referred to paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that we would cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company.

In accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that he/she/it will within the period commencing from the date of this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

(i) when he/she/it pledges or charges any Shares or securities of our Company beneficially owned by him/her/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee of any Shares or securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in paragraphs (i) and (ii) above and disclose such matters by way of announcement in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Except for the Capitalization Issue, the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-Allotment Option and the options which may be granted under the Share Option Scheme) or otherwise pursuant to the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date that is falling six months from the Listing Date (the "**First Six-Month Period**"), the Company hereby undertakes to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Hong Kong Underwriters not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(1) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any 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 Shares or other securities of the Company or any interest in any of the foregoing), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts; or

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any 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 Shares or securities of the Company or any interest in any of the foregoing); or

(3) enter into any transaction with the same economic effect as any transaction specified in (1) or (2) above; or

(4) offer to or agree to or announce any intention to effect any transaction specified in (1), (2) or (3) above,

in each case, whether any of the foregoing transactions specified in (1), (2) or (3) above is to be settled by the delivery of Shares or other securities of the Company or shares or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period).

During the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company shall not enter into any of the transactions specified in (1), (2) or (3) above or offers to or agrees to or announces any intention to effect any such transaction, such that any Controlling Shareholder, directly or indirectly, would cease to be a group of controlling shareholders (within the meaning defined in the Listing Rules) of the Company. During the Second Six-Month Period, in the event that the Company enters into any of the transactions specified in (1), (2) or (3) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or other securities of the Company. The Controlling Shareholders undertake to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Hong Kong Underwriters to procure the Company to comply with the undertakings in this Clause (1).

(B) Undertaking by the Controlling Shareholders

Each of the Controlling Shareholders hereby undertakes to each of the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Hong Kong Underwriters that, except as pursuant to the Capitalization Issue, the Global Offering (including the issue of Shares pursuant to the exercise of the Over-Allotment Option and the options which may be granted under the Share Option Scheme) and the Stock Borrowing Agreement without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(1) it will not, at any time during the First Six-Month Period, (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 securities of the Company or any interest therein (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 Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (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 Shares or any such other 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 specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any

of the transactions specified in Clause (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period); and

(2) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (1)(i), (ii) or (iii) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following such sale, transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/she/it will cease to be a group of controlling shareholders (as the term is defined in the Listing Rules) of the Company; and

(3) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (1)(i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company, provided that, subject to strict compliance with any requirements of applicable laws (including and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant authority), nothing in herein shall prevent any of the Controlling Shareholders from using Shares or other securities of the Company beneficially owned by him/her/it as security in favor of an authorized instruction (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)).

Indemnity

We have agreed to indemnify the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in Our Company

Except for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

THE INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we and our Controlling Shareholders will enter into the International Underwriting Agreement with the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) at its sole and absolute discretion, the Over-allotment Option, which will be exercisable at any time and from time to time on or before the expiration of the period of 30 calendar days from the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 37,500,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Sole Global Coordinator (on behalf of the Hong Kong Underwriters) will receive an underwriting commission of 2.3% of the aggregate Offer Price in respect of all the Offer Shares. Further, we may, at our sole and absolute discretion, pay an aggregate discretionary incentive fee up to 1.2% of the Offer Price for each Share to one or more of the Underwriters.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Sole Global Coordinator in its sole discretion consider appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Sole Global Coordinator in its sole discretion consider appropriate).

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK$67.6 million (assuming an Offer Price of HK$3.05 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Global Coordinator will ensure that there will be a minimum of 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in our Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering". Such activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares and the volatility of the price of our Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation and the Over-allotment Option):

(a) the Hong Kong Public Offering of 25,000,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "—The Hong Kong Public Offering" below; and

(b) the International Offering of 225,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S under the U.S. Securities Act as described under the paragraph headed "—The International Offering" below.

Up to 37,500,000 additional Shares may be offered pursuant to the exercise of the Over-allotment Option as set forth in the paragraph headed "—The International Offering—Over-allotment Option" below.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both.

The Offer Shares in the Global Offering will represent approximately 25% of our enlarged issued share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.71% of our enlarged issued share capital immediately after the completion of the Global Offering and the exercise of the Over-allotment Option as set forth in the paragraphs under "Over-allotment Option".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed "—The Hong Kong Public Offering—Reallocation" in this section below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 25,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and 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 forth in the paragraph headed "—Conditions of the Global Offering" below.

Allocation

The allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided equally into two pools:

- Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less; and

- Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this subsection only, the "price" for Hong Kong Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple applications or suspected multiple applications and any application for more than 12,500,000 Hong Kong Offer Shares (being 50% of the 25,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Sole Global Coordinator. 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 a certain percentage of the total number of the Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 75,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 125,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In addition, 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 Sole Global Coordinator. If the Hong Kong Public Offering is not fully subscribed for, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may in its 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 particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Sole Global Coordinator has the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as it deems appropriate. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, (i) the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 25,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 50,000,000 Offer Shares, representing double of the initial allocation to the Hong Kong Public Offering and 20% of the Offer Shares initially available under the Global Offering, and (ii) the final Offer Price shall be fixed at HK$2.66 per Offer Share, the low-end of the Offer Price range stated in this prospectus.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator in its discretion consider appropriate.

In the event that both the Hong Kong Public Offering and International Offering are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustments of the number of the Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

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/her that he/she and any person(s) for whose benefit he/she 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.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$3.44 per Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "—Pricing and Allocation" in this section below, is less than the maximum price of HK$3.44 per 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. For details, see "How to Apply for Hong Kong Offer Shares".

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

Subject to reallocation as described above, the International Offering will consist of an offering of 225,000,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering and assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will involve private placements of the Offer Shares to institutional and professional investors and other investors outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "—Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further 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 its shareholders as a whole.

The Sole Global Coordinator (on behalf of the International Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "—The Hong Kong Public Offering—Reallocation" in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) at its sole and absolute discretion, the Over-allotment Option, which will be exercisable at any time and from the Listing Date until up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 37,500,000 Shares, representing no more than 15% of the 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 Offer Shares will represent 27.71% of the Company's enlarged issued share capital immediately following the Capitalization Issue, completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in due course.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to reduce and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager or any person acting for it.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any our Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, or any person acting for it, may have an adverse impact on the market price of our Shares;

- no stabilizing action can be taken to support the price of our Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;

- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Sole Global Coordinator, or any person acting for it may cover such over-allocation by, amongst others, exercising the Over-allotment Option in full or in part, by using our Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, that do not exceed the Offer Price, or through the stock borrowing agreement as detailed below or a combination of these means. The number of Shares which can be over-allocated will not exceed the number of Shares which may be allotted and issued pursuant to the exercise in full of the Over-allotment Option, being 37,500,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager, or any person acting for it may choose to borrow Shares from the Lending Shareholder under the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager and the Lending Shareholder on or around the Price Determination Date.

The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(l)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;

- the maximum number of Shares borrowed from the Lending Shareholder under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to the Lending Shareholder or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from this to time agree in writing;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to the Lending Shareholder by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective Professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different price or at a particular price. This process, known as “book-building”, is expect to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Thursday, July 8, 2021 and in any event no later than Wednesday, July 14, 2021.

The Offer Price will not be more than HK$3.44 per Offer Share and is expected to be not less than HK$2.66 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Global Coordinator (on behalf of the Hong Kong Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below as stated in this prospectus at any time in or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at **www.shengquanwuye.com** and **www.hkexnews.hk**, respectively, notices of the reduction. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and require investors who had applied for the Hong Kong Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and our Company, will be fixed within such revised Offer Price range.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in "Underwriting".

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(b) the Offer Price having been agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) 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 Underwriting Agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before Wednesday, July 14, 2021, the Global Offering will not proceed and lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst others, 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. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (**www.shengquanwuye.com**) and the website of the Stock Exchange (**www.hkexnews.hk**). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the paragraph headed "How to Apply for Hong Kong Offer Shares—14. Dispatch/Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in a separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in Shares in issue and to be issued (pursuant to the Capitalization Issue, the Global Offering and the exercise of the Over-allotment Option any Shares to be issued upon the exercise of options which may be granted under the Share Option Scheme).

Except that we have applied for the listing to the Stock Exchange, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or on 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. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, July 15, 2021, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, July 15, 2021. Our Shares will be traded on the Main Board of the Stock Exchange in board lots of 1,000 Shares each. The stock code of our Shares will be 2215.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering;
- are a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

WHERE TO COLLECT THE APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, June 29, 2021 until 12:00 noon on Thursday, July 8, 2021 from:

(i) the following office of the Hong Kong Underwriters:

CCB International Capital Limited	12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
China Industrial Securities International Capital Limited	32/F, Infinitus Plaza 199 Des Voeux Road Central Sheung Wan Hong Kong
Zhongtai International Securities Limited	19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong
Vision Capital International Holdings Limited	Room A01-02, 11/F, Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Futu Securities International (Hong Kong) Limited	Unit C1-2 13/F United Centre No.95 Queensway Hong Kong
Valuable Capital Limited	Room 2808 28/F, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
I Win Securities Limited	Room 1916, Hong Kong Plaza 188 Connaught Road West Hong Kong

(ii) any of the designated branches of the following receiving banks:

Bank of China (Hong Kong) Limited

Region	Branch	Address
Hong Kong Island	Connaught Road Central Branch	13-14 Connaught Road Central, Hong Kong
Kowloon	Wong Tai Sin Branch	Shop G13 & G13A, G/F, Temple Mall South, Wong Tai Sin, Kowloon
	Tsim Sha Tsui East Branch	Shop 3,LG/F, Hilton Towers, 96 Granville Road, Tsim Sha Tsui East, Kowloon
New Territories	Fanling Centre Branch	Shop 2D-E & H, Fanling Centre, Fanling, New Territories
	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin, New Territories

China Construction Bank (Asia) Corporation Limited

Region	Branch	Address
Hong Kong Island	SWDVR Branch	G/F, 237-239 Des Voeux Road Central, Sheung Wan, Hong Kong
Kowloon	Jordan Branch	G/F & 1/F, 314-316 Nathan Road, Jordan, Kowloon, Hong Kong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, June 29, 2021 until 12:00 noon on Thursday, July 8, 2021 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED—DEXIN SERVICES GROUP PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Tuesday, June 29, 2021 – 9:00 a.m. to 5:00 p.m.
Wednesday, June 30, 2021 – 9:00 a.m. to 5:00 p.m.
Friday, July 2, 2021 – 9:00 a.m. to 5:00 p.m.
Saturday, July 3, 2021 – 9:00 a.m. to 1:00 p.m.
Monday, July 5, 2021 – 9:00 a.m. to 5:00 p.m.
Tuesday, July 6, 2021 – 9:00 a.m. to 5:00 p.m.
Wednesday, July 7, 2021 – 9:00 a.m. to 5:00 p.m.
Thursday, July 8, 2021 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, July 8, 2021, the last application day or such later time as described in "—10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, 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 for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, 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 and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "—14. Dispatch/Collection of Share Certificates and Refund Monies—Personal Collection" section in this prospectus to collect Share certificate(s) and/or refund check(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the "—2. Who can apply" section, may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, June 29, 2021 until 11:30 a.m. on Thursday, July 8, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, July 8, 2021 or such later time under the "—10. Effect of Bad Weather on the Opening of the Application Lists" section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Dexin Services Group Limited" **White Form eIPO** application submitted via the **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center, 1/F, One & Two Exchange Square,
8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application 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 are not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the 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 contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting electronic application instructions[1]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, June 29, 2021	**–**	**9:00 a.m. to 8:30 p.m.**
Wednesday, June 30, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, July 2, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Saturday, July 3, 2021	**–**	**8:00 a.m. to 1:00 p.m.**
Monday, July 5, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Tuesday, July 6, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Wednesday, June 7, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Thursday, July 8, 2021	**–**	**8:00 a.m. to 12:00 noon**

Note:

(1) These times are subject to changes 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 Tuesday, June 29, 2021 until 12:00 noon on Thursday, July 8, 2021 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, July 8, 2021, the last application day or such later time as described in "—10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving banks, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, July 8, 2021.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering—Pricing and Allocation".

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, July 8, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, July 8, 2021 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 Wednesday, July 14, 2021 on our Company's website at **www.shengquanwuye.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.shengquanwuye.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, July 14, 2021;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, July 14, 2021 to 12:00 midnight on Tuesday, July 20, 2021;
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Wednesday, July 14, 2021 to Monday, July 19, 2021 (excluding Saturday and Sunday);

- in the special allocation results booklets which will be available for inspection during opening hours on Wednesday, July 14, 2021, Thursday, July 15, 2021 and Friday, July 16, 2021 at all the receiving banks' designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- our Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50.0% 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 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering—The Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, July 14, 2021.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by a **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (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 check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to the arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund checks and Share certificates are expected to be posted on or before Wednesday, July 14, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, July 15, 2021 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 14, 2021 or such other date as notified by us by announcement.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form on or before Wednesday, July 14, 2021, by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, July 14, 2021 by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collecting refund check(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Wednesday, July 14, 2021, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, July 14, 2021, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

  For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "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 Wednesday, July 14, 2021 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 14, 2021 or such other date as notified by our Company by announcement as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, July 14, 2021 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 dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, July 14, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Wednesday, July 14, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 14, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, July 14, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, July 14, 2021.

15. ADMISSION OF OUR SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-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 Sponsor 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.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DEXIN SERVICES GROUP LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Dexin Services Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-62, which comprises the consolidated balance sheets as at 31 December 2018, 2019 and 2020, the company balance sheet as at 31 December 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 31 December 2018, 2019 and 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-62 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 June 2021 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for 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 presentation and preparation set out in Notes 1.3 and 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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2020 and the consolidated financial position of the Group as at 31 December 2018, 2019 and 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 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 29 to the Historical Financial Information which states that no dividends have been paid by Dexin Services Group Limited since its incorporation.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
29 June 2021

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the years ended 31 December 2018, 2019 and 2020, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Consolidated statements of comprehensive income

	Note	Year ended 31 December 2018	2019	2020
		RMB'000	RMB'000	RMB'000
Revenue	6	397,833	512,850	692,319
Cost of sales	10	(302,714)	(367,924)	(456,562)
Gross profit		95,119	144,926	235,757
Other income	7	2,319	3,470	6,432
Other gains – net	8	2,258	1,826	1,917
Selling and marketing expenses	10	(2,894)	(6,490)	(7,914)
Administrative expenses	10	(55,728)	(67,768)	(97,746)
Net impairment losses on financial assets	3.1	(7,425)	(6,016)	(2,656)
Operating profit		33,649	69,948	135,790
Finance income		369	1,341	2,779
Finance costs		(2,298)	(3,399)	(2,248)
Finance (costs)/income – net	9	(1,929)	(2,058)	531
Profit before income tax		31,720	67,890	136,321
Income tax expenses	12	(9,258)	(17,340)	(30,514)
Profit for the year		22,462	50,550	105,807
Profit is attributable to:				
– Owners of the Company		22,361	49,396	97,190
– Non-controlling interests		101	1,154	8,617
		22,462	50,550	105,807
Other comprehensive income for the year, net of tax		–	–	–
Total comprehensive income for the year		22,462	50,550	105,807
Total comprehensive income attributable to:				
– Owners of the Company		22,361	49,396	97,190
– Non-controlling interests		101	1,154	8,617
		22,462	50,550	105,807
Earnings per share for profit attributable to the owners of the Company (expressed in RMB'000 per share)				
– Basic and diluted	13	22	49	97

Note: The earnings per share presented above has not taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the shareholders passed on 21 June 2021 because the proposed capitalisation issue has not become effective as at the date of this report.

Consolidated balance sheets

		As at 31 December		
	Note	**2018**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Property, plant and equipment	*14*	14,132	14,120	13,327
Intangible assets	*15*	1,385	1,151	2,015
Investment properties	*17*	–	22,435	–
Financial assets at fair value through profit or loss	*16*	35,205	4,500	–
Other receivables and prepayments	*21*	13,329	7,524	–
Deferred income tax assets	*28*	8,741	10,555	7,442
Investment in an associate	*18*	–	–	1,470
		72,792	60,285	24,254
Current assets				
Inventories	*19*	5,960	21,117	7,647
Trade and other receivables and prepayments	*21*	148,691	221,817	180,048
Financial assets at fair value through profit or loss	*16*	7,890	36,631	3,540
Restricted cash	*22*	227	152	242
Cash and cash equivalents	*22*	80,372	104,758	229,212
		243,140	384,475	420,689
Total assets		315,932	444,760	444,943
Equity				
Equity attributable to owners of the Company				
Share capital	*23*	–	–	–
Reserves	*24*	86,301	93,465	(167)
Retained earnings		12,314	57,349	76,037
		98,615	150,814	75,870
Non-controlling interests		3,560	(1,758)	12,558
Total equity		102,175	149,056	88,428
Liabilities				
Non-current liabilities				
Borrowings	*26*	5,000	5,000	–
Lease liabilities	*25*	6,054	4,858	2,626
		11,054	9,858	2,626
Current liabilities				
Borrowings	*26*	19,500	21,500	–
Lease liabilities	*25*	2,819	2,382	2,925
Trade and other payables	*27*	109,923	164,232	207,269
Contract liabilities	*6*	60,965	78,617	111,845
Current income tax liabilities		9,496	19,115	31,850
		202,703	285,846	353,889
Total liabilities		213,757	295,704	356,515
Total equity and liabilities		315,932	444,760	444,943

Balance sheet for the Company

	Note	As at 31 December 2020 *RMB'000*
Assets		
Non-current assets		
Investments in subsidiaries	*35*	58,602
Current assets		
Prepayments	*21*	3,462
Total assets		62,064
Equity		
Equity attributable to owners of the Company		
Share capital		–
Reserves	*24*	46,317
Total equity		46,317
Liabilities		
Current liabilities		
Other payables	*27*	11,207
Amount due to a subsidiary		4,540
		15,747
Total liabilities		15,747
Total equity and liabilities		62,064

Consolidated statements of changes in equity

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		RMB'000 *(Note 23)*	*RMB'000* *(Note 24)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2018		–	67,461	2,732	70,193	(11,593)	58,600
Comprehensive income							
Profit for the year		–	–	22,361	22,361	101	22,462
Transactions with owners in their capacity as owners							
Deemed contribution from the controlling shareholder	24	–	11,000	–	11,000	–	11,000
Transactions with non-controlling interests	24	–	(11,548)	–	(11,548)	11,548	–
Capitalisation of shareholders' loans	24	–	16,989	–	16,989	4,284	21,273
Dividends declared by a company now comprising the Group to its then shareholders	29	–	–	(10,380)	(10,380)	(780)	(11,160)
Transfer to statutory reserves	24	–	2,399	(2,399)	–	–	–
Balance at 31 December 2018		–	86,301	12,314	98,615	3,560	102,175
Balance at 1 January 2019		–	86,301	12,314	98,615	3,560	102,175
Comprehensive income							
Profit for the year		–	–	49,396	49,396	1,154	50,550
Transactions with owners in their capacity as owners							
Transactions with non-controlling interests	24	–	6,472	–	6,472	(6,472)	–
Deemed distribution to the controlling shareholder	24	–	(3,669)	–	(3,669)	–	(3,669)
Transfer to statutory reserves		–	4,361	(4,361)	–	–	–
Balance at 31 December 2019		–	93,465	57,349	150,814	(1,758)	149,056

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		RMB'000 *(Note 23)*	*RMB'000* *(Note 24)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2020		–	93,465	57,349	150,814	(1,758)	149,056
Comprehensive income							
Profit for the year		–	–	97,190	97,190	8,617	105,807
Transactions with owners in their capacity as owners							
Dividends declared by a company now comprising the Group to its then shareholders	*29*	–	–	(69,192)	(69,192)	–	(69,192)
Transactions with non-controlling interests	*24*	–	3,152	–	3,152	(3,152)	–
Capital contribution from the then shareholder of a company now comprising the Group	*24*	–	7,267	–	7,267	7,733	15,000
Deemed distribution to its then shareholders	*1.2(a), 1.2(i), 24*	–	(128,465)	–	(128,465)	–	(128,465)
Deemed contribution from the controlling shareholder in respect of the group reorganisation	*1.2(b), 24*	–	7,596	–	7,596	–	7,596
Capital Injection by a third party investor	*1.2(g), 24*	–	7,508	–	7,508	–	7,508
Acquisition of a subsidiary	*35(v)*	–	–	–	–	1,103	1,103
Disposal of a subsidiary		–	–	–	–	15	15
Transfer to statutory reserves		–	9,310	(9,310)	–	–	–
Balance at 31 December 2020		–	(167)	76,037	75,870	12,558	88,428

Consolidated statements of cash flows

		Year ended 31 December		
	Note	**2018**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*30*	20,352	58,508	273,051
Income tax paid		(3,405)	(9,535)	(14,706)
Net cash generated from operating activities		16,947	48,973	258,345
Cash flows from investing activities				
Proceeds from disposal of financial assets at fair value through profit or loss		82,753	54,354	312,759
Purchase of financial assets at fair value through profit or loss		(110,740)	(49,150)	(272,620)
Loans to related parties		–	(12,000)	(70,000)
Repayments from related parties		–	12,000	70,000
Purchases of property, plant and equipment		(1,384)	(5,803)	(7,050)
Purchases of investment properties		–	(17,428)	(300)
Acquisition of subsidiaries		–	(600)	1,262
Interest received		369	1,341	2,779
Proceeds from disposal of investment properties		–	–	30,256
Purchases of intangible assets		(377)	–	(1,019)
Proceeds from disposal of property, plant and equipment		31	351	77
Investment in an associate		–	–	(1,470)
Proceeds from disposal of subsidiaries		–	–	600
Net cash (used in)/generated from investing activities		(29,348)	(16,935)	65,274

	Note	Year ended 31 December 2018	2019	2020
		RMB'000	RMB'000	RMB'000
Cash flows from financing activities				
Deemed distribution to its then shareholders		–	(3,669)	(128,465)
Dividends paid by a company comprising the Group to its then shareholders		(11,160)	–	(69,192)
Proceeds from bank and other borrowings		31,900	30,000	47,800
Repayments of bank and other borrowings		(21,150)	(28,000)	(74,300)
Deemed contribution from the controlling shareholder of the Group		11,000	–	7,596
Capital contribution from the then shareholder of a company now comprising the Group		–	–	15,000
Capital injection by a third party investor		–	–	7,508
Interest paid		(1,785)	(2,992)	(1,930)
Principal elements of lease payments		(3,113)	(2,991)	(2,096)
Listing expenses paid		–	–	(1,086)
Net cash generated from/(used in) financing activities		5,692	(7,652)	(199,165)
Net (decrease)/increase in cash and cash equivalents		(6,709)	24,386	124,454
Cash and cash equivalents at beginning of year		87,081	80,372	104,758
Cash and cash equivalents at end of year		80,372	104,758	229,212

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Dexin Services Group Limited (the "Company") was incorporated in the Cayman Islands on 22 October 2020 as an exempted company with limited liability under the Companies Act. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the listing group (the "Group") are principally engaged in provision of property management services and value-added services in the People's Republic of China (the "PRC") (the "Listing Business"). The Company's ultimate holding company is Shengfu International Limited. The ultimate controlling shareholder of the Group is Mr. Hu Yiping (胡一平, "Mr. Hu" or the "Ultimate Controlling Shareholder").

1.2 Reorganisation

Prior to the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was principally operated by Dexin Shengquan Property Services Co., Ltd. ("Shengquan Property") and its subsidiaries and certain fellow subsidiaries controlled by Mr. Hu in the PRC (the "Operating Companies") during the Track Record Period. The Listing Business is controlled by Mr. Hu throughout the Track Record Period.

Prior to the completion of the Reorganisation, Shengquan Property also held certain subsidiaries engaged in other business not relating to the Listing Business (the "Excluded Business"). The Listing Business and the Excluded Business are operated independently and managed by different management teams.

In preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Reorganisation was undertaken pursuant to which the group companies engaged in the Listing Business and controlled by Mr. Hu were transferred to the Company. The Reorganisation involves the following major steps:

(a) In August and September 2020, Shengquan Property acquired certain fellow subsidiaries engaged in the Listing Business from the entities controlled by Mr. Hu at total consideration of RMB72,665,000.

(b) In September 2020, Shengquan Property disposed certain subsidiaries engaged in the Excluded Business to the entities controlled by Mr. Hu at a total consideration of RMB7,596,000.

(c) On 21 October 2020, one of the then shareholders of Shengquan Property transferred 7.5% equity interest in Shengquan Property to a pre-IPO investor. Upon completion of the transfer, Shengquan Property was 74.3% indirectly held by a company controlled by Mr. Hu and 25.7% by two other shareholders.

(d) The Company was incorporated in the Cayman Islands on 22 October 2020 which is held 74.3% by Shengfu International Limited ("Shengfu International", an entity controlled by Mr. Hu) and 25.7% by two other shareholders.

(e) Shengping International Limited ("Shengping International") was incorporated in the BVI on 26 October 2020 and held by the Company.

(f) On 2 November 2020, Sheng Quan Holding (Hong Kong) Limited ("Shengquan HK") was incorporated in Hong Kong by Shengping International.

(g) On 1 November 2020, Zhi Da Xiao Rui (Hong Kong) Limited ("Zhida Xiaorui"), an entity controlled by another pre-IPO investor, agreed to inject HKD8,900,000 (equivalent to approximately RMB7,508,000) to Shengquan Property in return of 5% of its equity interest.

(h) On 16 November 2020, Zhejiang Shengquan Technology Co, Ltd. ("Shengquan Technology") was incorporated and held by Shengquan HK.

(i) On 16 November 2020, Shengquan Technology acquired 95% equity interest in Shengquan Property at a consideration of RMB55,800,000 from its then shareholders. Upon completion of the transaction, Shengquan Property was 95% owned by Shengquan Technology and 5% owned by Zhida Xiaorui.

(j) On 30 December 2020, the Company acquired the immediate holding company of Zhida Xiaorui and as exchange by issuing 5% shares of the Company. Upon completion of such equity transfer, the Company indirectly owns 100% equity interests of Shengquan Property and the Company was then owned as to 70.6% by Shengfu International.

After the completion of Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is conducted through Shengquan Property and its subsidiaries and certain fellow subsidiaries which were all ultimately controlled by Mr. Hu. The Listing Business has been ultimately controlled by Mr. Hu. Pursuant to the Reorganisation, the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management and the ultimate owner of the Listing Business remained the same. Accordingly, the Historical Financial Information of the Group is presented using the carrying values of the Listing Business for all periods presented.

For the purpose of this report, the financial information of the Excluded Business has not been included in this Historical Financial Information of the Group for the Track Record Period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of the Historical Financial Information are set out as below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated. HKFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019 and earlier adoption is permitted. The Group has applied HKFRS 16 consistently throughout the Track Record Period.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") 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 and investment properties, which are carried at fair value.

The HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group during the Track Record Period:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Presentation of financial statements on classification of liabilities	1 January 2023
Amendments to HKFRS 3	Business combinations	1 January 2022
Amendments to HKAS 16	Property, plant and equipment	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements to HKFRS 1	First-time adoption of IFRS	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	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 or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the Group's financial statements is expected when they become effective.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power 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.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries now comprising the Group have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category if equity as specified/permitted by applicable HKFRSs.

(iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment and is being either the cash consideration amount or the amount of net asset value of the subsidiaries for share-settled transaction under reorganisation and business combination under common control. 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.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of an associate" in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Historical Financial Information are presented in RMB, which is the Company's functional and 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 of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within other gains – net.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

	Estimated useful lives
Equipment and machinery	3-10 years
Vehicles and others	3-4 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

2.6 Intangible assets

(a) Computer software

Intangible assets mainly include computer software. They are initially recognised and measured at costs incurred to acquire and bring them to use. Intangible assets are amortised over their estimated useful lives (generally 10 years based on management's expectation on the technological lives of the computer software), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

(b) Research and development cost

Costs associated with research and development software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria in above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.7 Investment property

Investment properties are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are presented in profit or loss as part of a valuation gain or loss.

2.8 Impairment of non-financial assets

Intangible assets that has an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 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 ("OCI"), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised 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 amortised 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 recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Fair value through OCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. 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 recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through OCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.1 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 recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables 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.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheets. Restricted cash is excluded from cash and cash equivalents.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 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.

2.16 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised 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 capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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 end of the reporting period.

Given the Group has no qualifying assets during the Track Record Period, all borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 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 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(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 tax liabilities are not recognised 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 realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax 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 tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.19 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised 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) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual 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 recognised 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 consolidated balance sheet.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised 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 recognised 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 recognised 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 recognised as interest expense.

2.21 Revenue recognition

The Group provides property management services, community value-added services, and value-added services to non-property owners. Revenue from providing services is recognised in the accounting period in which the services are rendered.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the standard-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 consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortized when the related revenue is recognised.

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.

Property Management Services

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of service.

For property management services income from properties managed under commission basis, where the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Community value-added services

Community value-added services mainly include common area value-added services, carpark sales business, smart community solutions, home decoration services, community retail and home services, clubhouse services and property sales and sales assistance services.

The Group provides common area value-added services by leasing public facilities and area owned by property owners, mainly including advertisement display area and public parking areas owned by property owners to third parties. The Group provides agency services for property owners and recognises the commission on a net basis, which is calculated by a portion of rental income in accordance with an agreed-upon percentage when such services are rendered.

The Group engages in carpark sales business. The Group acts as a principal in carpark sales business as the Group obtains control of the carparks before the control of carparks transferred to property owners. Revenues are recognised when or as the control of the carparks is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the carpark is transferred at a point in time.

The Group provides smart community solutions and sells intelligent hardware devices and software to customers, and provides software maintenance services. The Group recognises revenue on a gross basis when the smart devices are delivered and the services are rendered.

The Group provides resident services to property owners, such as home decoration services and community retail and home services. The Group recognises revenue on a gross basis when the services are rendered.

The Group operates a clubhouse to provide catering services. Revenue from provision of catering services are recognised when the food and beverage are delivered to the customers.

The Group provides property sales assistance services, which charge the property developers, a commission calculated based on the contract purchase price. Revenue from sales assistance services is recognised at a point in time when the service is rendered and the sales and purchase agreement are executed and become effective.

Value-added services to non-property owners

Value-added services to non-property owners mainly include sales office management services, preliminary planning and design consultancy services, property inspection and repair services and commercial consulting services. The Group agrees the price for each service with the customers upfront and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

2.22 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.23 Leases

The Group as a lessee

The Group leases various properties. 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 of borrowing purpose.

Lease are recognised as a right-of-use asset and corresponding liability at the date of which the lease asset 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 of each period. The right-of-use asset is depreciated over 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:

(a) the net present value of the fixed payments (including in-substance fixed payments);

(b) variable lease payments that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of an extension option if the lessee is reasonably certain to exercise that option; and

(e) payment of penalties for terminating of the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct cost, and;

(d) restoration costs.

Payments associated with short-term leases with lease term of 12 months or less without a purchase option and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

2.24 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.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss 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: credit risk, liquidity risk and fair value interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Credit risk

The Group is exposed to credit risk in relation to its operating lease and trade receivables, other receivables and cash deposits at banks. The carrying amounts of trade receivables, other receivables, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash deposits at banks and restricted cash

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade receivables

The Group assessed that the expected loss rate for trade receivables from related parties were low considering the good finance position and credit history of the related parties.

Apart from trade receivables due from related parties, the Group has large number of customers and there was no concentration of credit risk.

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables due from third parties. To measure the ECL, trade receivables due from third parties have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

(iii) Other receivables

The Group expects that the credit risk associated with other receivables due from related parties is considered to be low, since they 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 related parties are immaterial under 12 months ECL method and considered them to have low credit risk, and thus the loss allowance is immaterial.

For other receivables other than those from related parties, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

The Group considers the probability of default whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

(iv) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	**Group definition of category**	**Basis for recognition of expected credit loss provision**
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime

Category	Group definition of category	Basis for recognition of expected credit loss provision
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 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. As there was no significant change of the customer base, historical credit loss rate of customers and forward-looking information for the years ended 31 December 2018, 2019 and 2020, the Group adopted the same expected credit loss rate for the years ended 31 December 2018, 2019 and 2020.

As at 31 December 2018, 2019 and 2020, the loss allowance provision for the trade and other receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

	As at 31 December						
		2018		2019		2020	
	Expected loss rate	**Gross carrying amount**	**Loss allowance provision**	**Gross carrying amount**	**Loss allowance provision**	**Gross carrying amount**	**Loss allowance provision**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables							
Related parties	0.5%	22,517	113	56,774	284	26,162	131
Third party aging							
Up to 1 year	5%	82,581	4,129	96,027	4,801	77,432	3,872
1 to 2 years	10%	20,760	2,076	33,818	3,382	17,360	1,736
2 to 3 years	30%	4,678	1,403	9,211	2,763	18,549	5,565
3 to 4 years	50%	652	326	2,889	1,445	2,564	1,282
Over 4 years	100%	2,739	2,739	2,267	2,267	4,018	4,018
		133,927	10,786	200,986	14,942	146,085	16,604
Other receivables							
Related parties	0.5%	71	–	341	–	101	–
Third party aging							
Up to 1 year	5%	11,873	594	24,911	1,246	23,924	1,196
1 to 2 years	10%	6,669	667	2,531	253	1,885	189
2 to 3 years	30%	2,199	660	1,506	452	1,285	386
3 to 4 years	50%	3,597	1,798	2,177	1,089	1,067	534
Over 4 years	100%	2,108	2,108	3,545	3,545	5,169	5,169
		26,517	5,827	35,011	6,585	33,431	7,474

As at 31 December 2018, 2019 and 2020, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables	Other receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2018	5,748	3,440	9,188
Provision for loss allowance recognised in profit or loss	5,038	2,387	7,425
At 31 December 2018	10,786	5,827	16,613
At 1 January 2019	10,786	5,827	16,613
Provision for loss allowance recognised in profit or loss	5,221	795	6,016
Receivables written off as uncollectable	(1,065)	(37)	(1,102)
At 31 December 2019	14,942	6,585	21,527
At 1 January 2020	14,942	6,585	21,527
Provision for loss allowance recognised in profit or loss	1,662	994	2,656
Receivables written off as uncollectable	–	(105)	(105)
At 31 December 2020	16,604	7,474	24,078

As at 31 December 2018, 2019 and 2020, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB160,444,000, RMB235,997,000 and RMB179,516,000 respectively, and thus the maximum exposure to loss was RMB143,831,000, RMB214,470,000 and RMB155,438,000 respectively.

3.1.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities and lease liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2018				
Financial liabilities				
Borrowings	22,050	350	5,292	27,692
Trade and other payables (excluding accrued payroll and other tax payable)	85,199	–	–	85,199
Lease liabilities (including interest payments)	2,973	2,343	4,626	9,942
	110,222	2,693	9,918	122,833

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2019				
Financial liabilities				
Borrowings	22,177	5,292	–	27,469
Trade and other payables (excluding accrued payroll and other tax payable)	131,956	–	–	131,956
Lease liabilities (including interest payments)	2,512	2,636	2,915	8,063
	156,645	7,928	2,915	167,488

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020				
Financial liabilities				
Trade and other payables (excluding accrued payroll and other tax payable)	163,248	–	–	163,248
Lease liabilities (including interest payments)	3,184	2,468	370	6,022
	166,432	2,468	370	169,270

3.1.3 Fair value interest rate risk

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. Borrowings issued at fixed rates and lease liabilities expose the Group to fair value interest rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

Other than cash and cash equivalents, the Group has no other significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of the interest-bearing assets are not expected to change significantly.

As at 31 December 2018, 2019 and 2020, the Group has no floating-interests-rate interest bearing liabilities.

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.

3.3 Fair value estimation

(a) Financial assets carried at fair value

The Group's financial instruments recognised in the consolidated balance sheets are mainly trade and other receivables, financial assets at fair value through profit or loss, and financial liabilities carried at amortised cost. The carrying value less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values.

The fair value of financial 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 through profit or loss mainly included wealth management products, fair value of which are estimated based on unobservable inputs (level 3).

The following table presents the changes in level 3 instruments for the years ended 31 December 2018, 2019 and 2020:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Opening balances	13,000	43,095	41,131
Additions	110,740	49,150	272,620
Fair value gains	2,108	3,240	2,548
Disposals	(82,753)	(54,354)	(312,759)
Closing balances	43,095	41,131	3,540
Net gains for the year	2,108	3,240	2,548

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

		Range of unobservable inputs		
Significant unobservable inputs	**Valuation approach**	**31 December 2018**	**31 December 2019**	**31 December 2020**
Expected rate of return per annum	Discounted cash flow	1%-9.4%	1%-9.4%	3%-4%

Relationship of unobservable inputs to fair value: the higher of expected rate of return, the higher the fair value.

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. At least once every reporting year, the Group would assess the fair value of the Group's level 3 instruments by using valuation techniques.

The valuation of level 3 instruments mainly included investments in wealth management products issued by banks or other financial institution. As these instruments are not traded in an active market, their fair values have been determined by using applicable valuation techniques, which mainly include discounted cash flows.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the profit before income tax for the years ended 31 December 2018, 2019 and 2020 would have been approximately RMB4,310,000, RMB4,113,000 and RMB354,000 higher/lower.

(b) Investment properties

(i) Fair value hierarchy

An independent valuation of the Group's certain completed investment properties and investment properties under construction was performed by the independent and professionally qualified valuer, to determine the fair value of the investment properties as at 31 December 2019.

As at 31 December 2019, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers to or out of fair value hierarchy levels during the year.

(ii) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2019 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs in the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

(iii) Valuation techniques

Completed investment properties comprise of office properties. For commercial properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(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 judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.1 above.

(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 tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors.

During the Track Record Period, the Group is principally engaged in the provision of property management services, community value-added services, and value-added services to non-property owners. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the Track Record Period.

As at 31 December 2018, 2019 and 2020, all of the non-current assets of the Group were located in the PRC.

6 REVENUE

(a) Revenue recognised during the reporting periods:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from customers:			
Property management services	268,599	310,076	370,415
Value-added services to non-property owners	86,414	139,584	178,781
Community value-added services *(i)*	42,820	63,190	143,123
	397,833	512,850	692,319
Timing of revenue recognition			
Over time	372,108	468,276	606,492
At a point in time	25,725	44,574	85,827
	397,833	512,850	692,319

For the years ended 31 December 2018, 2019 and 2020, revenue from entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder contributed to 17%, 26% and 31% of the Group's revenue, respectively. Other than entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the Track Record Period.

(i) For the years ended 31 December 2019 and 2020, community value-added services include sales of carparks of RMB9,714,000 and RMB28,873,000 respectively.

(b) Contract liabilities

The Group has recognised the following revenue related contract liabilities:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Property management services	56,414	75,545	105,525
Value-added services to non-property owners	–	–	1,066
Community value-added services	4,551	3,072	5,254
	60,965	78,617	111,845

(c) 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. Such liabilities increased as a result of the growth of the Group's business.

(d) Revenue recognised in relation to contract liabilities

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year			
Property management services	45,933	56,298	75,545
Community value-added services	2,678	4,551	3,072
	48,611	60,849	78,617

(e) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term.

For community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

(f) Assets recognised from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

7 OTHER INCOME

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(a)*	2,319	2,290	5,708
Value-added tax deductibles	–	1,180	724
	2,319	3,470	6,432

(a) Government grants mainly consisted of financial support funds granted by the local governments.

8 OTHER GAINS – NET

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Net fair value gains on financial assets at fair value through profit or loss	2,108	3,240	2,548
Others	150	(1,414)	(631)
	2,258	1,826	1,917

For the year ended 31 December 2020, the Group disposed a subsidiary for a consideration of RMB92,113. As on the disposal date, net assets of the subsidiary amounted to around RMB88,000 and other gains of approximately RMB4,000 was recognised.

9 FINANCE (COSTS)/INCOME – NET

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Interests income from bank deposits	369	451	1,191
Interests income from related parties *(Note 31(b))*	–	890	1,588
	369	1,341	2,779
Finance costs			
Interest expenses for borrowings	(1,785)	(2,992)	(1,930)
Interest expenses of lease liabilities	(513)	(407)	(318)
	(2,298)	(3,399)	(2,248)
Finance (costs)/income – net	(1,929)	(2,058)	531

10 EXPENSES BY NATURE

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses *(Note 11)*	144,393	163,918	195,709
Greening and cleaning expenses	70,962	79,240	96,865
Security charges	76,377	106,728	127,483
Raw materials and consumables used	16,896	22,632	25,314
Maintenance costs	8,046	14,967	18,874
Office expenses	9,829	11,272	13,275
Depreciation and amortisation charges	6,427	6,649	8,010
Utilities	8,300	9,766	13,012
Cost of sales of carparks	–	7,071	24,832
Traveling and entertainment expenses	3,233	3,308	3,956
Community activities expenses	2,565	1,631	4,651
Taxes and other levies	2,061	2,600	4,427
Listing expenses	–	–	12,285
Others	12,247	12,400	13,529
	361,336	442,182	562,222

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	118,349	129,694	166,985
Social insurance expenses and housing benefits *(Note (a))*	16,756	22,301	17,273
Other employee benefits	9,288	11,923	11,451
	144,393	163,918	195,709

(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 employee salary to the scheme to fund the retirement benefits of the employees.

The decrease of other employee benefits for the year ended 31 December 2020 was mainly due to the exemption of social insurance according to security relief policies issued by the Ministry of Human Resources and Social Security and local municipal departments affected by Coronavirus Disease 2019 ("COVID-19").

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1, 2 and 2 directors for the years ended 31 December 2018, 2019 and 2020 respectively, whose emoluments are reflected in the analysis shown in Note 31. The emoluments payable to the remaining 4, 3 and 3 individuals for the years ended 31 December 2018, 2019 and 2020 respectively are as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	1,111	949	1,033
Social insurance expenses and housing benefits *(Note (a))*	201	192	211
Other employee benefits	169	114	135
	1,481	1,255	1,379

The emoluments fell within the following bands:

	Number of individuals		
	Year ended 31 December		
	2018	**2019**	**2020**
Emolument bands (in Hong Kong dollars ("HK$")			
Nil – HK$1,000,000	4	3	3

12 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong.

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%, with the exception of any preferential treatments received, such as the 15% preferential tax rate that Hangzhou Xier Technology Co., Ltd. ("Xier Technology", a PRC subsidiary of the Group) can enjoy as a result of its qualification as a High and New Technology Enterprise ("HNTEs") from 2018 to 2020.

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between Mainland China and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its subsidiaries in Mainland China as the Group does not have a plan to distribute these earnings from its subsidiaries in Mainland China.

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	12,678	19,154	27,401
Deferred income tax *(Note 28)*	(3,420)	(1,814)	3,113
	9,258	17,340	30,514

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	31,720	67,890	136,321
Tax calculated at applicable income tax rate of 25%	7,930	16,973	34,080
Preferential income tax rates applicable to certain companies comprising the Group	1,407	753	(3,050)
Additional deduction of research and development expenses	(485)	(552)	(690)
Tax effects of expenses not deductible for tax purposes	406	166	174
Income tax expenses	9,258	17,340	30,514

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years. In determining the weighted average number of shares in issue during the years ended 31 December 2018, 2019 and 2020, the 1,000 shares issued as on the date of incorporation were deemed to have been issued on 1 January 2018 as if the Company had been incorporated by then.

	Year ended 31 December		
	2018	**2019**	**2020**
Profit attributable to owners of the Company (RMB'000)	22,361	49,396	97,190
Weighted average number of ordinary shares in issue	1,000	1,000	1,000
Basic earnings per share (RMB'000)	22	49	97

The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the shareholders passed on 21 June 2021 because the proposed capitalisation issue has not become effective as at the date of this report.

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

14 PROPERTY, PLANT AND EQUIPMENT

	Equipment and machinery	Vehicles and others	Right-of-use assets – leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2017				
Cost	9,725	4,978	11,569	26,272
Accumulated depreciation	(4,907)	(2,366)	(641)	(7,914)
Net book amount	4,818	2,612	10,928	18,358
Year ended 31 December 2018				
Opening net book amount	4,818	2,612	10,928	18,358
Additions	737	647	677	2,061
Disposals	(9)	(22)	–	(31)
Depreciation charge	(2,086)	(1,315)	(2,855)	(6,256)
Closing net book amount	3,460	1,922	8,750	14,132
As at 31 December 2018				
Cost	10,275	5,577	12,246	28,098
Accumulated depreciation	(6,815)	(3,655)	(3,496)	(13,966)
Net book amount	3,460	1,922	8,750	14,132
Year ended 31 December 2019				
Opening net book amount	3,460	1,922	8,750	14,132
Additions	1,434	4,369	951	6,754
Disposals	(154)	(197)	–	(351)
Depreciation charge	(1,587)	(2,028)	(2,800)	(6,415)
Closing net book amount	3,153	4,066	6,901	14,120
As at 31 December 2019				
Cost	10,341	8,453	13,197	31,991
Accumulated depreciation	(7,188)	(4,387)	(6,296)	(17,871)
Net book amount	3,153	4,066	6,901	14,120

	Equipment and machinery	Vehicles and others	Right-of-use assets – leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020				
Opening net book amount	3,153	4,066	6,901	14,120
Additions	1,567	5,483	89	7,139
Disposals	(72)	(5)	–	(77)
Depreciation charge	(1,267)	(4,240)	(2,348)	(7,855)
Closing net book amount	3,381	5,304	4,642	13,327
As at 31 December 2020				
Cost	11,621	13,926	13,286	38,833
Accumulated depreciation	(8,240)	(8,622)	(8,644)	(25,506)
Net book amount	3,381	5,304	4,642	13,327

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	1,113	1,032	1,837
Administrative expenses	5,143	5,383	6,018
	6,256	6,415	7,855

15 INTANGIBLE ASSETS

	Computer software
	RMB'000
As at 31 December 2017	
Cost	1,332
Accumulated amortisation	(153)
Net book amount	1,179
Year ended 31 December 2018	
Opening net book amount	1,179
Additions	377
Amortisation charge	(171)
Closing net book amount	1,385

	Computer software
	RMB'000
As at 31 December 2018	
Cost	1,709
Accumulated amortisation	(324)
Net book amount	1,385
Year ended 31 December 2019	
Opening net book amount	1,385
Amortisation charge	(234)
Closing net book amount	1,151
As at 31 December 2019	
Cost	1,709
Accumulated amortisation	(558)
Net book amount	1,151
Year ended 31 December 2020	
Opening net book amount	1,151
Additions	1,019
Amortisation charge	(155)
Closing net book amount	2,015
As at 31 December 2020	
Cost	2,728
Accumulated amortisation	(713)
Net book amount	2,015

Amortisation expenses were charged to administrative expenses in the consolidated statements of comprehensive income.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products *(Note (i))*	38,595	36,631	3,540
Others	4,500	4,500	–
	43,095	41,131	3,540
Less: non-current portion	(35,205)	(4,500)	–
	7,890	36,631	3,540

(i) The Group acquired various wealth management products with an expected return rate ranging from 1% to 9.4%. The fair values of these investments were determined based on the expected return as stipulated in relevant contracts with the issuers. The significant unobservable input for the fair value measurement is the expected annual return rate. The higher the expected annual return rate, the higher the fair value.

17 INVESTMENT PROPERTIES

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance at 1 January	–	–	22,435
Additions	–	22,435	7,821
Disposals	–	–	(30,256)
Closing balance at 31 December	–	22,435	–

During the years ended 31 December 2019 and 2020, no fair value gains or losses on investment properties were recognised as the fair value of the investment properties approximated the carrying value.

18 INVESTMENT IN AN ASSOCIATE

In November 2020, an independent third party and the Group have jointly set up Shandong Shuifa Yude City Services Company Limited ("Shandong Shuifa"). The Group has contributed share capital of RMB1,470,000 to Shandong Shuifa for its 49% equity interests and can cast significant influence on Shandong Shuifa. Shandong Shuifa is principally engaged in property management services in the PRC. For the period from incorporation to 31 December 2020, Shandong Shuifa was at the pre-operation stage and incurred certain administrative expenses in immaterial amount.

19 INVENTORIES

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Carparks	–	13,819	–
Raw materials	4,461	4,077	4,146
Others	1,499	3,221	3,501
	5,960	21,117	7,647

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost			
Trade and other receivables excluding prepayments *(Note 21)*	143,831	214,470	155,438
Cash and cash equivalents	80,372	104,758	229,212
Restricted cash	227	152	242
	224,430	319,380	384,892
Financial assets at fair value through profit or loss	43,095	41,131	3,540
	267,525	360,511	388,432

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost			
Borrowings *(Note 26)*	24,500	26,500	–
Trade and other payables (excluding accrued payroll and other taxes payables) *(Note 27)*	85,199	131,956	163,248
Lease liabilities *(Note 25)*	8,873	7,240	5,551
	118,572	165,696	168,799

21 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables *(Note (a))*			
– Related parties *(Note 31)*	22,517	56,774	26,162
– Third parties	111,410	144,212	119,923
	133,927	200,986	146,085
Less: allowance for impairment of trade receivables	(10,786)	(14,942)	(16,604)
	123,141	186,044	129,481
Other receivables			
– Deposits	10,758	13,740	12,416
– Payments on behalf of property owners *(Note (b))*	10,854	20,711	20,462
– Others	4,905	560	553
	26,517	35,011	33,431
Less: allowance for impairment of other receivables	(5,827)	(6,585)	(7,474)
	20,690	28,426	25,957
Prepayments			
– Prepayments for investment properties	13,329	7,524	–
– Prepayments for inventories *(Notes (c))*	2,229	2,456	17,485
– Prepayments for listing expenses	–	–	3,462
– Other prepayments	2,631	4,891	3,663
	18,189	14,871	24,610
	162,020	229,341	180,048
Less: non-current portion of prepayments for acquisition of investment properties	(13,329)	(7,524)	–
Current portion of trade and other receivables and prepayments	148,691	221,817	180,048

(a) Trade receivables mainly arise from property management services income to property owners and value-added services 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.

As at 31 December 2018, 2019 and 2020, the ageing analysis of the trade receivables based on recognition date of trade receivables were as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
0-180 days	64,376	116,208	90,180
181-365 days	39,783	32,302	11,035
1 to 2 years	21,235	37,813	19,255
2 to 3 years	5,106	9,480	18,910
3 to 4 years	688	2,916	2,678
Over 4 years	2,739	2,267	4,027
	133,927	200,986	146,085

(b) As at 31 December 2018, 2019 and 2020, the balance represented mainly the payments on behalf of property owners in respect of utility costs of properties.

(c) In December 2020, initiated by one of the Group's customer, the Group agreed to offset the trade receivables due from the customer by purchasing certain properties from a related party of the customer at total consideration of RMB16,129,000 by reference to the market value of these properties. The Group, the customer and the related party of the customer have further entered into an agreement, pursuant to which the consideration for purchase of properties was settled by and offset against the Group's trade receivables from the customer. The properties are expected to be received upon completion of construction in the second half year of 2021 and the Group plans to sell the properties.

The Company

Prepayments of the Company represented prepaid listing expenses.

22 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand			
– Denominated in RMB	80,599	104,910	221,303
– Denominated in HKD	–	–	8,151
	80,599	104,910	229,454

23 SHARE CAPITAL – THE COMPANY

The Company was incorporated in the Cayman Islands on 22 October 2020. At the date of incorporation, the authorised share capital is HKD380,000 comprising 38,000,000 ordinary shares of HKD0.01 each.

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		HKD	*RMB'000*
Authorised:			
At 22 October 2020 (date of incorporation) and 31 December 2020	38,000,000	380,000	334
Issued:			
At 22 October 2020 (date of incorporation)	1,000	10	–
Addition	53	1	–
At 31 December 2020	1,053	11	–

24 CAPITAL RESERVES AND STATUTORY RESERVES

The Group

	Capital reserves	Statutory reserves	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January 2018	64,599	2,862	67,461
Deemed contribution from the controlling shareholder *(Note (e))*	11,000	–	11,000
Transactions with non-controlling interests	(11,548)	–	(11,548)
– Transactions with non-controlling interests of Xier Technology (Note (c-i))	*(13,192)*	–	*(13,192)*
– Transactions with non-controlling interests of Shengquan Property (Note (d))	*1,644*	–	*1,644*
Capitalisation of shareholders' loans of Xier Technology *(Note (c-ii))*	16,989	–	16,989
Transfer to statutory reserves *(Note (b))*	–	2,399	2,399
Balance at 31 December 2018	81,040	5,261	86,301
Balance at 1 January 2019	81,040	5,261	86,301
Transactions with non-controlling interests	6,472	–	6,472
– Transactions with non-controlling interests of Xier Technology (Note (c-i))	*1,621*	–	*1,621*
– Transactions with non-controlling interests of Shengquan Property (Note (d))	*4,851*	–	*4,851*
Deemed distribution to the controlling shareholder *(Note (f))*	(3,669)	–	(3,669)
Transfer to statutory reserves *(Note (b))*	–	4,361	4,361
Balance at 31 December 2019	83,843	9,622	93,465

	Capital reserves	Statutory reserves	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January 2020	83,843	9,622	93,465
Transactions with non-controlling interests of Xier Technology *(Note (c-i))*	3,152	–	3,152
Capital injection to Xier Technology *(Note (c-iii))*	7,267	–	7,267
Deemed distribution to the controlling shareholder *(Note 1.2(a))*	(72,665)	–	(72,665)
Deemed distribution to the then shareholders of Shengquan Property *(Note 1.2(i))*	(55,800)	–	(55,800)
Deemed contribution from the controlling shareholder *(Note 1.2(b))*	7,596	–	7,596
Capital injection from Zhida Xiaorui *(Note 1.2(g))*	7,508	–	7,508
Transfer to statutory reserves *(Note (b))*	–	9,310	9,310
Balance at 31 December 2020	(19,099)	18,932	(167)

(a) Capital reserves mainly represented the accumulated capital contribution from the then shareholders of the group companies in excess of the consideration given in relation to the Reorganisation.

(b) In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 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 the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

(c) Equity transactions of Xier Technology

Before the Reorganisation, Xier Technology has been controlled by other entities which were ultimately controlled by Mr. Hu (the "former controlling shareholder of Xier Technology", which have not been included in the Group after the Reorganisation). On 25 September 2020, Shengquan Property acquired 51% of the equity interests of Xier Technology from the former controlling shareholder of Xier Technology and became its immediate controlling shareholder.

(c-i) During the Track Record Period, the then shareholder of Xier Technology has acquired or disposed of certain equity interests in Xier Technology, which resulted in increases or decreases in non-controlling interests and corresponding decreases or increases in capital reserves.

(c-ii) On 12 July 2018, shareholder loans of RMB21,273,000 were converted to paid-in capital of Xier Technology resulting in an increase in capital reserve of RMB16,989,000 and an increase in non-controlling interest of RMB4,284,000 respectively.

(c-iii) On 19 January 2020, the then shareholder of Xier Technology injected capital of RMB15,000,000 to Xier Technology resulting in an increase in capital reserve of RMB7,267,000 and an increase in non-controlling interest of RMB7,733,000 respectively.

(d) During the years ended 31 December 2018 and 2019, the then shareholder of Shengquan Property acquired additional interests in Shengquan Property, which resulted in decreases in non-controlling interests of RMB1,644,000 and RMB4,851,000 and corresponding increases in the capital reserves.

(e) The Group disposed of Shengquan Security to an entity controlled by Mr. Hu at a consideration of RMB11,000,000 during the year ended 31 December 2018 and the Group bought back Shengquan Security during the Reorganisation (Note 1.2(a)). Shengquan Security was engaged in the Listing Business and its financial information was included in the historical financial information of the Group throughout the Track Record Period, the consideration received was accounted for as a deemed contribution from the controlling shareholder of the Group during the year ended 31 December 2018.

(f) During the year ended 31 December 2019, the Group injected capital of RMB3,669,000 to a company engaged in the Excluded Business. Since the financial information of the Excluded Business was excluded from the historical financial information of the Group throughout the Track Record Period, the capital injection was accounted for as a deemed distribution to the controlling shareholder of the Group.

The Company

	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 22 October 2020 (date of incorporation)			
Effect of the Reorganisation *(Note (a))*	58,602	–	58,602
Loss for the year	–	(12,285)	(12,285)
At 31 December 2020	58,602	(12,285)	46,317

Note (a): The amount represented mainly the excess of the aggregate net asset values of the Listing Business over the par value of the Company's shares issued in exchange pursuant to the Reorganisation.

25 LEASES

(a) Amounts recognised in the consolidated balance sheets

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Leased properties *(Note 14)*	8,750	6,901	4,642
Lease liabilities			
Current	2,819	2,382	2,925
Non-current	6,054	4,858	2,626
	8,873	7,240	5,551

(b) Amounts recognised in the consolidated statements of comprehensive income

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge			
– Leased properties *(Note 14)*	2,855	2,800	2,348
Interest expenses (included in "Finance costs – net")	513	407	318
Cash outflows for lease payments	3,113	2,991	2,096

(c) A maturity analysis of lease liabilities is shown in the table below during the Track Record Period

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Leases are payable:			
Within one year	2,973	2,512	3,184
Later than one year but no later than two years	2,343	2,636	2,468
Later than two years but not later than five years	4,626	2,915	370
Minimum lease payments	9,942	8,063	6,022
Future finance charge	(1,069)	(823)	(471)
	8,873	7,240	5,551

26 BORROWINGS

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Bank borrowings – Guaranteed (d)	5,000	5,000	–
Current:			
Bank borrowings			
– Unsecured	–	5,000	–
Other borrowings			
– Guaranteed (d)	15,000	–	–
– Unsecured	4,500	16,500	–
	19,500	21,500	–
Total	24,500	26,500	–

(a) The fair value of borrowings approximated their carrying amount, as the impact of discounting is not significant.

(b) The maturity date of the borrowing was analysed as follow:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	19,500	21,500	–
Between 1 and 2 years	–	5,000	–
Between 2 and 5 years	5,000	–	–
	24,500	26,500	–

(c) As at 31 December 2018 and 2019, the weighted average effective interest rates on borrowings were 9% and 10% respectively.

(d) As at 31 December 2018 and 2019, the guaranteed borrowings were guaranteed by Mr. Hu and other entities controlled by Mr. Hu and have been released during the year ended 31 December 2020 (Note 31(d)).

27 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables *(Note (a))*			
– Related parties *(Note 31)*	163	6,183	105
– Third parties	37,989	50,827	62,226
	38,152	57,010	62,331
Other payables			
– Deposits	15,849	19,130	28,137
– Amounts temporarily received from/on behalf of property owners *(Note (c))*	25,151	49,200	57,990
– Amounts due to related parties *(Note (b))*	5,110	5,752	338
– Amounts due to non-controlling interests *(Note (b))*	–	–	1,172
– Payables for listing expenses	–	–	11,207
– Other accrued expenses	937	864	2,073
	47,047	74,946	100,917
Accrued payroll	14,919	19,189	30,759
Other taxes payables	9,805	13,087	13,262
	109,923	164,232	207,269

(a) As at 31 December 2018, 2019 and 2020, the aging analysis of trade payables was as follow.

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	36,811	54,808	58,996
1 to 2 years	630	1,546	1,996
2 to 3 years	625	454	843
Over 3 years	86	202	496
	38,152	57,010	62,331

(b) Amounts due to related parties and non-controlling interests were unsecured, interest free and repayable on demand.

(c) The amounts mainly represented utility expenses collected from the property owners to be paid to related service providers and rental fee collected from leasees to be returned to the property owners.

The Company

Other payables of the Company represented payables of professional fees incurred for the Listing.

28 DEFERRED INCOME TAX

The analysis of deferred income tax assets in the consolidated balance sheets was as follows:

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
– Deferred income tax assets to be recovered after more than 12 months	8,932	7,510	5,891
– Deferred income tax assets to be recovered within 12 months	–	3,460	2,088
Net-off with deferred income tax liabilities	(191)	(415)	(537)
	8,741	10,555	7,442
Deferred income tax liabilities:			
– Deferred income tax liabilities to be recovered after more than 12 months	(191)	(415)	(537)
Net-off with deferred income tax assets	191	415	537
	–	–	–

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts	Deferred tax assets – tax losses	Deferred tax assets – others	Deferred tax liabilities – others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	2,237	3,057	27	–	5,321
Credited/(charged) to profit or loss	1,789	1,733	89	(191)	3,420
As at 31 December 2018	4,026	4,790	116	(191)	8,741
As at 1 January 2019	4,026	4,790	116	(191)	8,741
Credited/(charged) to profit or loss	1,232	814	(8)	(224)	1,814
As at 31 December 2019	5,258	5,604	108	(415)	10,555
As at 1 January 2020	5,258	5,604	108	(415)	10,555
Credited/(charged) to profit or loss	526	(3,516)	(1)	(122)	(3,113)
As at 31 December 2020	5,784	2,088	107	(537)	7,442

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
The balance comprises temporary differences attributable to:			
– Allowance on doubtful debts	4,026	5,258	5,784
– Tax losses	4,790	5,604	2,088
– Others	116	108	107
Total deferred income tax assets	8,932	10,970	7,979
Set-off of deferred income tax liabilities	(191)	(415)	(537)
Net deferred income tax assets	8,741	10,555	7,442

29 DIVIDENDS

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared and paid by Shengquan Property to its then shareholders	11,160	–	69,192

The rates for dividend and the number of shares ranking for dividend is not presented as such information is not considered meaningful for the purpose of this report.

No dividend has been paid or declared by the Company since its incorporation.

30 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	31,720	67,890	136,321
Adjustments for:			
– Depreciation of property, plant and equipment *(Note 14)*	6,256	6,415	7,855
– Amortisation of intangible assets *(Note 15)*	171	234	155
– Net impairment losses on financial assets	7,425	6,016	2,656
– Finance costs	2,298	3,399	2,248
– Finance income	(369)	(1,341)	(2,779)
– Net gains on financial assets at fair value through profit or loss	(2,108)	(3,240)	(2,548)
	45,393	79,373	143,908
Changes in working capital			
– Restricted cash as guarantee for operating activities	(140)	75	(90)
– Trade and other receivables and prepayments	(64,651)	(78,542)	38,992
– Trade and other payables	30,734	55,107	43,586
– Contract liabilities	12,232	17,652	33,117
– Inventories	(3,216)	(15,157)	13,538
	20,352	58,508	273,051

(b) Net debt reconciliation

	Borrowings	Lease liabilities
	RMB'000	*RMB'000*
As at 1 January 2018	13,750	10,796
Cash flows		
– Increase	31,900	–
– Decrease	(21,150)	(3,113)
Non-cash changes:		
Acquisition – leases	–	677
Finance expense recognised	–	513
As at 31 December 2018	24,500	8,873

	Borrowings	Lease liabilities
	RMB'000	*RMB'000*
As at 1 January 2019	24,500	8,873
Cash flows		
– Increase	30,000	–
– Decrease	(28,000)	(2,991)
Non-cash changes:		
Acquisition – leases	–	951
Finance expense recognised	–	407
As at 31 December 2019	26,500	7,240
As at 1 January 2020	26,500	7,240
Cash flows		
– Increase	47,800	–
– Decrease	(74,300)	(2,096)
Non-cash changes:		
Acquisition – leases	–	89
Finance expense recognised	–	318
As at 31 December 2020	–	5,551

(c) Non-cash transactions of investing and financing activities

In January 2018, the shareholders of Xier Technology have capitalised their loans to Xier Technology totalling RMB21,273,000 as paid-in capital of Xier Technology (Note 24(c-ii)).

31 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Hu	Ultimate controlling shareholder of the Company
Dexin China Holdings Company Limited and its subsidiaries ("Dexin China Group")	Controlled by Mr. Hu

(b) Transactions with related parties

During the years ended 31 December 2018, 2019 and 2020, the Group had the following significant transactions with related parties. The transactions amounts disclosed represent the transactions with relevant parties during the periods when those parties were related parties of the Group.

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
(i) Provision of services			
– Dexin China Group and its joint ventures and associates	65,593	131,226	199,865
– Other entities controlled by Mr. Hu	1,161	1,856	15,894
	66,754	133,082	215,759
(ii) Rental expenses (short-term and low value leases)			
– Dexin China Group and its joint ventures and associates	104	156	1,216
– Other entities controlled by Mr. Hu	–	–	40
	104	156	1,256
(iii) Purchase of carparks			
– Dexin China Group and its joint ventures and associates	–	20,890	11,013
(iv) Acquisition of right-of-use assets			
– Dexin China Group and its joint ventures and associates	18	96	32
(v) Finance expenses			
– Other entities controlled by Mr. Hu	1,470	1,818	281
(vi) Finance income			
– Other entities controlled by Mr. Hu	–	890	1,588
(vii) Disposal of financial assets at fair value through profit or loss			
– Other entities controlled by Mr. Hu	–	–	30,000

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) Balances with related parties

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
(i) Trade receivables			
– Dexin China Group and its joint ventures and associates	21,878	55,843	23,338
– Other entities controlled by Mr. Hu	639	931	2,824
(ii) Other receivables – trade			
– Dexin China Group and its joint ventures and associates	71	341	101
(iii) Trade payables			
– Dexin China Group and its joint ventures and associates	163	6,183	98
– Other entities controlled by Mr. Hu	–	–	7
(iv) Other payables			
– Dexin China Group and its joint ventures and associates – trade	17	18	51
– Other entities controlled by Mr. Hu	5,169	5,811	338
– Trade	59	59	–
– Non-trade	5,110	5,752	338
(v) Contract liabilities – trade			
– Dexin China Group and its joint ventures and associates	41	667	2,458
– Other entities controlled by Mr. Hu	93	–	2
(vi) Other borrowings – non-trade			
– Other entities controlled by Mr. Hu	13,300	16,500	–
(vii) Lease liabilities – trade			
– Dexin China Group and its joint ventures and associates	–	63	66

Other receivables and other payables due from or due to related parties are unsecured, interest-free, and with terms on demand or in accordance with related agreements. As at the date of this report, the Group has settled all of the non-trade amounts due to related parties.

(d) Guarantee provided by related parties – discontinued

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Guarantee provided by Mr. Hu and other entities controlled by Mr. Hu in connection with the Group's borrowings	20,000	5,000	–

(e) Borrowings – discontinued

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	13,750	13,300	16,500
Addition	20,700	14,000	7,300
Repayment	(21,150)	(10,800)	(23,800)
End of the year	13,300	16,500	–

Borrowings from related parties were unsecured, repayable on demand and carried interest rates ranging from 8% to 12% per annum.

(f) Loans to related parties – discontinued

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	–	–	–
Payment	–	12,000	70,000
Receipt	–	(12,000)	(70,000)
End of the year	–	–	–

Loans to related parties carried interest rates of 12% per annum and repayable on demand or based on the contractual agreements.

(g) Key management compensation

Compensations for key management other than those for directors as disclosed in Note 32 is set out below.

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other short-term employee benefits	1,881	1,765	2,285

32 DIRECTORS' AND BENEFITS AND INTERESTS

(a) Directors' emoluments

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended 31 December 2018 as follows:

Name	Salaries	Housing allowance and contributions to a retirement benefit scheme	Discretionary bonuses and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
Mr. Hu Yiping	–	–	–	–
Mr. Tang Junjie	–	–	–	–
Ms. Zhu Xiaoli	242	45	32	319
Independent non-executive directors[(i)]				
Mr. Jia Shenghua	–	–	–	–
Mr. Rui Meng	–	–	–	–
Mr. Yang Xi	–	–	–	–
	242	45	32	319

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended 31 December 2019 as follows:

Name	Salaries	Housing allowance and contributions to a retirement benefit scheme	Discretionary bonuses and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
Mr. Hu Yiping	–	–	–	–
Mr. Tang Junjie	520	64	24	608
Ms. Zhu Xiaoli	285	64	68	417
Independent non-executive directors[(i)]				
Mr. Jia Shenghua	–	–	–	–
Mr. Rui Meng	–	–	–	–
Mr. Yang Xi	–	–	–	–
	805	128	92	1,025

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended 31 December 2020 as follows:

Name	Salaries	Housing allowance and contributions to a retirement benefit scheme	Discretionary bonuses and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
Mr. Hu Yiping	–	–	–	–
Mr. Tang Junjie	550	70	143	763
Ms. Zhu Xiaoli	300	70	79	449
Independent non-executive directors(i)				
Mr. Jia Shenghua	–	–	–	–
Mr. Rui Meng	–	–	–	–
Mr. Yang Xi	–	–	–	–
	850	140	222	1,212

(i) Mr. Jia Shenghua, Mr. Rui Meng and Mr. Yang Xi were appointed as the independent non-executive directors of the Group on 21 June 2021.

(b) Directors' retirement benefits

During the Track Record Period, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) Directors' termination benefits

During the Track Record Period, none of the directors received any termination benefits.

(d) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 31, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 31, no significant transactions, arrangements, and contracts in relations to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

33 COMMITMENTS

(a) Capital commitments

During the Track Record Period, the Group's capital commitments mainly related to purchase of investment properties. The detail is set as bellows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Investment properties	8,862	–	–

(b) Operating leases commitments

During the Track Record Period, the Group's future aggregate minimum lease payments (short-term or low value leases) under non-cancellable operating leases are as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	1,741	2,650	2,004

34 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2018, 2019 and 2020.

35 INVESTMENT IN SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 December 2018, 2019 and 2020 are set out as below.

Company name	**Country/place and date of incorporation/ establishment**	**Registered/ issued and paid-up capital**	**Attributable equity interest of the Group**				**Principal activities/ place of operation**	*Note*
			31 December			**As at this report date**		
			2018	**2019**	**2020**			
		(RMB)						
Directly owned:								
盛平國際有限公司 Shengping International Limited	the British Virgin Islands, 26 October 2020	–/–	–	–	100%	100%	Investment holding, the British Virgin Islands	*(iv)*
智瑞國際有限公司 Zhirui International Limited	the British Virgin Islands, 21 September 2020	–/–	–	–	100%	100%	Investment holding, the British Virgin Islands	*(iv)*

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group 31 December 2018	2019	2020	As at this report date	Principal activities/ place of operation	Note
		(RMB)						
Indirectly owned:								
盛全控股(香港)有限公司 Sheng Quan Holding (Hong Kong) Limited	Hong Kong, 2 November 2020	–/–	–	–	100%	100%	Investment holding, Hong Kong	*(iv)*
智大曉瑞(香港)有限公司 Zhi Da Xiao Rui (Hong Kong) Limited	Hong Kong, 14 October 2020	–/–	–	–	100%	100%	Investment holding, Hong Kong	*(iv)*
浙江盛全科技有限公司 Zhejiang Shengquan Technology Co., Ltd	The PRC, 16 November 2020	66,048,000/–	–	–	100%	100%	Investment holding, Hangzhou	*(iv)*
德信盛全物業服務有限公司 Dexin Shengquan Property Services Co., Ltd.	The PRC, 29 March 2004	58,740,000/ 58,740,000	92.5%	92.5%	100%	100%	Property management, Hangzhou	*(i)*
浙江盛潔環境工程有限公司 Zhejiang Shengjie Environment Engineering Co., Ltd.	The PRC, 8 May 2014	10,000,000/ 10,000,000	100%	100%	100%	100%	Environmental cleaning, Hangzhou	*(i)*
杭州駿德商業運營管理有限公司 Hangzhou Junde Commercial Operations Management Co., Ltd.	The PRC, 16 May 2019	10,000,000/ 10,000,000	–	100%	100%	100%	Commercial operation, Hangzhou	*(ii)*
杭州桔鄰生活服務有限公司 Hangzhou Julin Lifestyle Services Co., Ltd.	The PRC, 2 November 2018	1,000,000/ –	–	100%	100%	100%	Wholesale and retail, Hangzhou	*(i)*
浙江盛全保安服務有限公司 Zhejiang Shengquan Security Services Co., Ltd.	The PRC, 25 June 2015	11,000,000/ 11,000,000	100%	100%	100%	100%	Security services, Hangzhou	*(i)*
杭州悉爾科技有限公司 Xier Technology *(a)*	The PRC, 24 September 2015	32,918,012/ 29,918,012	77%	47%	51%	51%	Technology, Hangzhou	*(iii)*
Indirectly owned:								
杭州融運商務服務有限公司 Hangzhou Rongyun Business Services Co., Ltd	The PRC, 13 March 2014	5,000,000/ 5,000,000	100%	100%	100%	100%	Food service, Hangzhou	*(iv)*
德信物業服務有限公司 Dexin Property Services Co., Ltd.	The PRC, 2 January 2019	50,000,000/ –	–	100%	100%	100%	Property services, Hangzhou	*(iv)*
溫州盛全物業服務有限公司 Wenzhou Shengquan Property Services Co., Ltd.	The PRC, 20 August 2020	30,000,000/ –	–	–	100%	100%	Property services, Wenzhou	*(iv)*

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group				Principal activities/ place of operation	Note
			31 December			As at this report date		
			2018	2019	2020			
		(RMB)						
杭州德域商業管理有限公司 Hangzhou Deyu Commercial Management Co., Ltd.	The PRC, 14 September 2020	10,000,000/ –	–	–	70%	70%	Commercial management, Hangzhou	*(iv)*
杭州祥寓物業管理服務有限公司 Hangzhou Xiangyu Property Management Services Co., Ltd. (formerly known as Hangzhou Xiangyu Apartment Management Co., Ltd. (杭州祥寓公寓管理有限公司))	The PRC, 14 September 2020	1,000,000/ –	–	–	68%	68%	Apartment management, Hangzhou	*(iv)*
湖州國貿物業有限責任公司 Huzhou Guomao Property Co., Ltd.	The PRC, 12 July 2001	1,250,000/ 1,250,000	–	–	60%	60%	Property services, Huzhou	*(iv), (v)*

* 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.

(a) The Group held 47% equity interests in Xier Technology as at 31 December 2019. The Group has reached an agreement with another shareholder who held 30% equity interests in Xier Technology who confirmed to vote in the direction of the Group. Accordingly, the Group effectively controlled Xier Technology through 77% of the voting rights.

(i) The statutory financial statements of these companies for the years ended 31 December 2018 and 2019 were audited by 天健會計師事務所特殊普通合伙 (Pan-China Certified Public Accountants LLP). The statutory financial statements for the year ended 31 December 2020 have not yet been issued up to the date of this report.

(ii) The statutory financial statements of the company for the year ended 31 December 2019 were audited by 天健會計師事務所特殊普通合伙 (Pan-China Certified Public Accountants LLP). The statutory financial statements for the year ended 31 December 2020 have not yet been issued up to the date of this report.

(iii) The statutory financial statements of the company for the years ended 31 December 2018 and 2019 were audited by 浙江印相會計師事務所有限公司 (Zhejiang Yinxiang Certified Public Accountants Co., Ltd.). The statutory financial statements for the year ended 31 December 2020 have not yet been issued up to the date of this report.

(iv) No statutory audited financial statements were issued for these companies for the years ended 31 December 2018, 2019 and 2020 as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(v) In December 2020, the Group made capital injection of RMB1,653,000 to Huzhou Guomao to acquire its 60% equity interest. As at the acquisition date, the identifiable assets of Huzhou Guomao comprised mainly cash in bank of RMB2,915,000 and the net assets of Huzhou Guomao amounted to RMB2,711,000. There was no goodwill arising from the acquisition. The acquisition was insignificant to the Group.

36 EVENT AFTER THE BALANCE SHEET DATE

On 21 June 2021, the authorized share capital of the Company was increased from HKD380,000 divided into 38,000,000 shares to HKD50,000,000 divided into 5,000,000,000 shares by the creation of additional 4,962,000,000 Shares.

Pursuant to the written resolutions of the shareholder passed on 21 June 2021, conditional on the share premium account of the Company being credited as a result of the global offering, the Directors are authorized to capitalize an amount of HKD7,499,989.47 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 749,998,947 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company on the date of passing such resolutions in proportion to their then existing respective shareholding in the Company.

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 31 December 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 31 December 2020.

The information set out in this Appendix II does not form part of the "Accountant's Report" from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this Prospectus and the "Accountant's Report" set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering and the Capitalization Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 as if the Global Offering and the Capitalization Issue had taken place on that date.

This unaudited pro forma adjusted net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net consolidated tangible assets of the Group had the Global Offering and the Capitalization Issue been completed as at December 31, 2020 or at any future date.

	Audited consolidated net tangible assets attributable to owners of the Company as at December 31, 2020[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at December 31, 2020	Unaudited pro forma adjusted net tangible assets per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB[4]*	*HK$[5]*
Based on an Offer Price of HK$2.66 per Share	73,855	510,361	584,216	0.58	0.70
Based on an Offer Price of HK$3.44 per Share	73,855	666,332	740,187	0.74	0.89

Notes:

(1) The audited consolidated net tangible assets attributable to owners of the Company as at December 31, 2020 is extracted from the Accountant's Report set out in Appendix I to this Prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at December 31, 2020 of RMB75,870,000 with adjustments for intangible assets as at December 31, 2020 of RMB2,015,000 respectively.

(2) The estimated net proceeds from the offering of 250,000,000 Offer Shares are based on the indicative Offer Price of HK$2.66 and HK$3.44 per Offer Share after deduction of the estimated underwriting fees and other related expenses payable by the Company, and takes no account of any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming that the Global Offering and the Capitalization Issue have been completed on December 31, 2020 but takes no account of any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi are converted into Hong Kong dollars at the rate of RMB0.8289:HK$1.00. 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) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2020.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Dexin Services Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Dexin Services Group Limited (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 net tangible assets of the Group as at 31 December 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 29 June 2021, 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 31 December 2020 as if the proposed initial public offering had taken place at 31 December 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 year ended 31 December 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").

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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 31 December 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 judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors 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, 29 June 2021

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 October 2020 under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Act"). The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on June 21, 2021 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 2 November 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands ("ES Act") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on October 22, 2020. Our Company has established its principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 28, 2021. Ms. So Shuk Yi Betty has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we are subject to the Cayman Islands Companies Act, the Memorandum and the Articles and the applicable laws of the Cayman Islands. A summary of certain provisions of the Memorandum and the Articles and relevant aspects of the Cayman Islands Companies Act is set out in "Summary of the constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, the authorized share capital of our Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Upon its incorporation, one nil-paid Share was allotted and issued to an initial subscriber who is an Independent Third Party on October 22, 2020, which was then transferred to Shengfu International on the same date. On the same date, 742 Shares, 182 Shares and 75 Shares, all nil paid, were allotted and issued to Shengfu International, Kaibang International and HK Mei Lun, respectively. These Shares were subsequently fully paid.

On December 30, 2020, 53 fully-paid Shares were allotted and issued to Createwisdom.

Pursuant to the written resolutions of our Shareholders passed on June 21, 2021, the authorized share capital of our Company was increased from HK$380,000 to HK$50,000,000 by the creation of additional 4,962,000,000 Shares, and following such increase, the authorized share capital of our Company was HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each.

Immediately following completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$10,000,000 divided into 1,000,000,000 Shares, all fully paid or credited as fully paid, and 4,000,000,000 Shares will remain unissued.

Save as disclosed above and as mentioned in "—5. Written resolutions of our Shareholders passed on June 21, 2021" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 1 of the Accountants' Report.

Set out below is certain information of our non-wholly owned subsidiaries as of the Latest Practicable Date:

No.	Non-wholly owned subsidiary	Other non-Group shareholder(s)	Percentage of the equity interest held
1.	Hangzhou Deyu	Deqing Bohan Investment Management Partnership (Limited Partnership) (德清博瀚投資管理合伙企業(有限合伙))[1]	30.00%
2.	Hangzhou Xiangyu	Deqing Xuchi Investment Management Partnership (Limited Partnership) (德清栩馳投資管理合伙企業(有限合伙))	24.00%
		Deqing Yuting Investment Management Partnership (Limited Partnership) (德清寓庭投資管理合伙企業(有限合伙))[2]	8.00%
3.	Xier Technology	Deqing Xiyou	22.09%
		Deqing Hongxiang[3]	26.91%
4.	Shanxi Dexin	Mr. Zhao Feng (趙峰)	24.50%
		Mr. Zhao Jiulin (趙九林)[4]	24.50%
5.	Pizhou Detian	Pizhou Longhai City Development Construction Co., Ltd. (邳州市隴海城鄉開發建設有限公司)[5]	49.00%
6.	Huzhou Guomao	Huzhou Lvtou Asset Management Co., Ltd. (湖州旅投資產管理有限公司)[6]	40.00%
7.	Dexin Duofang	Zhejiang Duofang Holdings Co., Ltd. (浙江多方控股有限公司)[7]	60.00%

Notes:

1 Deqing Bohan Investment Management Partnership (Limited Partnership) (德清博瀚投資管理合伙企業(有限合伙)) is an Independent Third Party.

2 Deqing Xuchi Investment Management Partnership (Limited Partnership) (德清栩馳投資管理合伙企業(有限合伙)) and Deqing Yuting Investment Management Partnership (Limited Partnership) (德清寓庭投資管理合伙企業(有限合伙)) are both Independent Third Parties.

3 Deqing Xiyou and Deqing Hongxiang are both Independent Third Parties.

4 Mr. Zhao Feng (趙峰) is an Independent Third Party and Mr. Zhao Jiulin (趙九林) is a director of Shanxi Dexin.

5 Pizhou Longhai City Development Construction Co., Ltd. (邳州市隴海城鄉開發建設有限公司) is an Independent Third Party.

6 Huzhou Lvtou Asset Management Co., Ltd. (湖州旅投資產管理有限公司) is an Independent Third Party.

7 Zhejiang Duofang Holdings Co., Ltd. (浙江多方控股有限公司) is an Independent Third Party.

4. Changes in the share capital or the registered capital of our subsidiaries

Save as disclosed in "History, Reorganization and Corporate Structure" in this prospectus, there has been no alteration in the share capital or the registered capital of our subsidiaries within the two years preceding the date of this prospectus.

5. Written resolutions of our Shareholders passed on June 21, 2021

Pursuant to the written resolutions passed by our Shareholders on June 21, 2021, among other matters:

(a) we approved and conditionally adopted the Memorandum and the Articles which will become effective upon Listing;

(b) the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 4,962,000,000 Shares ranking in *pari passu* in all respects with the existing Shares with immediate effect;

(c) conditional on (aa) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue and Shares to be allotted and issued pursuant to the Capitalization Issue, the Global Offering and as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme; (bb) the Offer Price having been duly determined; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreements (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements:

   (i) the Global Offering was approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering;

(ii) the Over-allotment Option was approved and our Directors were authorized to allot and issue the Shares upon the exercise of the Over-allotment Option;

(iii) the rules of the Share Option Scheme, the principal terms of which are set out in "D. Share Option Scheme" below in this appendix, were approved and adopted and our Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;

(iv) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize the sum of HK$7,499,989.47 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 749,998,947 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company on the date of passing this resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company;

(v) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangements or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Capitalization Issue and Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;

(vi) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to buy back on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first; and

(vii) the general unconditional mandate mentioned in paragraph (v) above was extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares bought back by our Company pursuant to the mandate to buy back Shares referred to in paragraph (vi) above.

6. Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For further details with regard to the Reorganization, see "History, Reorganization and Corporate Structure" in this prospectus.

7. Buyback by our Company of our own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the buyback by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on June 21, 2021, a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or the date on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles, the Listing Rules and the Cayman Islands Companies Act. A listed company may not buy back its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly buying back the Shares on the Stock Exchange from a "core connected person", which includes a director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his/her Shares to our Company.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buybacks may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buyback

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any buyback of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buyback and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company. If authorized by the Articles and subject to the Cayman Islands Companies Act, any buyback of Shares may also be paid out of capital.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital and/or the gearing position of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) Share capital

The exercise in full of the Buyback Mandate, on the basis of 1,000,000,000 Shares in issue immediately after the Listing (but not taking into account of our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), would result in up to 100,000,000 Shares being bought back by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buyback of Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of Hong Kong Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a buyback pursuant to the Buyback Mandate. Our Directors have no present intention to exercise the power to buy back Shares to such extent.

If the Buyback Mandate is fully exercised immediately following completion of the Capitalization Issue and the Global Offering (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 100,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 58.80% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity interest transfer agreement (股權轉讓協議書) dated August 11, 2020 and entered into among Shengquan Holdings Co., Ltd. (盛全控股有限公司), Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司) and Dexin Property Services Co., Ltd. (德信物業服務有限公司) in respect of the transfer of 100% equity interest in Dexin Property Services Co., Ltd. (德信物業服務有限公司) from Shengquan Holdings Co., Ltd. (盛全控股有限公司) to Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司) at nil consideration;

(b) an equity interest transfer agreement (股權轉讓協議書) dated August 19, 2020 entered into among Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司), Zhoushan Putuo Donggang Jitai Property Management Co., Ltd. (舟山市普陀區東港吉泰物業管理有限公司) and Zhejiang Daye Holdings Group Co., Ltd. (浙江大業控股集團有限公司) in respect of the transfer of 65% equity interest in Zhoushan Shengquan Zhongshun Property Services Co., Ltd. (舟山盛全中順物業服務有限公司) from Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司) to Zhoushan Putuo Donggang Jitai Property Management Co., Ltd. (舟山市普陀區東港吉泰物業管理有限公司) at a consideration of RMB92,113.4;

(c) an equity interest transfer agreement (股權轉讓協議書) dated August 31, 2020 entered into among Shengquan Holdings Co., Ltd. (盛全控股有限公司), Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) and Zhejiang Shengquan Security Services Co., Ltd. (浙江盛全保安服務有限公司) in respect of the transfer of 100% equity interest in Zhejiang Shengquan Security Services Co., Ltd. (浙江盛全保安服務有限公司) from Shengquan Holdings Co., Ltd. (盛全控股有限公司) to Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) at a consideration of RMB8,604,892.13;

(d) an equity interest transfer agreement (股權轉讓協議書) dated September 15, 2020 entered into among Dexin Holdings Group Co., Ltd. (德信控股集團有限公司), Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) and Hangzhou Rongyun Business Services Co., Ltd. (杭州融運商務服務有限公司) in respect of the transfer of 100% equity interest in Hangzhou Rongyun Business Services Co., Ltd. (杭州融運商務服務有限公司) from Dexin Holdings Group Co., Ltd. (德信控股集團有限公司) to Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) at a consideration of RMB967,900;

(e) an equity interest transfer agreement (股權轉讓協議書) dated September 22, 2020 entered into among Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司), Shengquan Holdings Co., Ltd. (盛全控股有限公司) and Hangzhou Shengquan Health Management Co., Ltd. (杭州盛全健康管理有限公司) in respect of the transfer of 100% equity interest in Hangzhou Shengquan Health Management Co., Ltd. (杭州盛全健康管理有限公司) from Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) to Shengquan Holdings Co., Ltd. (盛全控股有限公司) at a consideration of RMB4,465,084.88;

(f) an equity interest transfer agreement (股權轉讓協議書) dated September 22, 2020 entered into among Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司), Shengquan Holdings Co., Ltd. (盛全控股有限公司) and Hangzhou Shengquan Education Technology Co., Ltd. (杭州盛全教育科技有限公司) in respect of the transfer of 100% equity interest in Hangzhou Shengquan Education Technology Co., Ltd. (杭州盛全教育科技有限公司) from Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) to Shengquan Holdings Co., Ltd. (盛全控股有限公司) at a consideration of RMB3,131,262.52;

(g) an equity interest transfer agreement (股權轉讓協議書) dated September 25, 2020 entered into among Shengquan Holdings Co., Ltd. (盛全控股有限公司), Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) and Hangzhou Xier Technology Co., Ltd. (杭州悉爾科技有限公司) in respect of the transfer of 51% equity interest in Hangzhou Xier Technology Co., Ltd. (杭州悉爾科技有限公司) from Shengquan Holdings Co., Ltd. (盛全控股有限公司) to Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) at a consideration of RMB63,092,069;

(h) an equity interest transfer agreement (股權轉讓協議書) dated October 15, 2020 entered into among Shengquan Holdings Co., Ltd. (盛全控股有限公司), Meihao Holdings Group Co., Ltd. (美好控股集團有限公司) and Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) in respect of the 7.5% equity interest in Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) from Shengquan Holdings Co., Ltd. (盛全控股有限公司) to Meihao Holdings Group Co., Ltd. (美好控股集團有限公司) at a consideration of RMB11,250,000;

(i) a joint venture agreement (合資合同) dated November 1, 2020 entered into among Shengquan Holdings Co., Ltd. (盛全控股有限公司), Deqing Kaibang Investment Partnership (Limited Partnership) (德清凱邦投資合伙企業(有限合伙)), Meihao Holdings Group Co., Ltd. (美好控股集團有限公司) and Zhi Da Xiao Rui (Hong Kong) Limited (智大曉瑞(香港)有限公司) in respect of a capital injection of RMB7,507,500 or equivalent foreign currency by Zhi Da Xiao Rui (Hong Kong) Limited (智大曉瑞(香港)有限公司) for subscription of 5.005% equity interest in Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司);

(j) an equity interest transfer agreement (股權轉讓協議) dated November 16, 2020 entered into between Shengquan Holdings Co., Ltd. (盛全控股有限公司) and Zhejiang Shengquan Technology Co., Ltd. (浙江盛全科技有限公司) in respect of the transfer of 70.57% equity interest in Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) from Shengquan Holdings Co., Ltd. (盛全控股有限公司) to Zhejiang Shengquan Technology Co., Ltd. (浙江盛全科技有限公司) at a consideration of RMB41,455,000;

(k) an equity interest transfer agreement (股權轉讓協議) dated November 16, 2020 entered into between Deqing Kaibang Investment Partnership (Limited Partnership) (德清凱邦投資合伙企業(有限合伙)) and Zhejiang Shengquan Technology Co., Ltd. (浙江盛全科技有限公司) in respect of the transfer of 17.3% equity interest in Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) from Deqing Kaibang Investment Partnership (Limited Partnership) (德清凱邦投資合伙企業(有限合伙)) to Zhejiang Shengquan Technology Co., Ltd. (浙江盛全科技有限公司) at a consideration of RMB10,160,000;

(l) an equity interest transfer agreement (股權轉讓協議) dated November 16, 2020 entered into between Meihao Holdings Group Co., Ltd. (美好控股集團有限公司) and Zhejiang Shengquan Technology Co., Ltd. (浙江盛全科技有限公司) in respect of the transfer of 7.125% equity interest in Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) from Meihao Holdings Group Co., Ltd. (美好控股集團有限公司) to Zhejiang Shengquan Technology Co., Ltd. (浙江盛全科技有限公司) at a consideration of RMB4,185,000;

(m) a capital increase agreement (增資協議) dated December 25, 2020 entered into among Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司), Huzhou Guomao Property Co., Ltd. (湖州國貿物業有限責任公司) and Huzhou Lvtou Asset Management Co., Ltd. (湖州旅投資產管理有限公司) in respect of the increase in capital injection in Huzhou Guomao Property Co., Ltd. (湖州國貿物業有限責任公司) of RMB1,652,779.43 to be contributed by Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司);

(n) a share swap agreement (股權轉讓協議) dated December 30, 2020 entered into between Createwisdom International Limited (创智国际有限公司) and Dexin Services Group Limited (德信服务集团有限公司), pursuant to which Createwisdom International Limited (创智国际有限公司) transferred one share of Zhirui International Limited (智瑞国际有限公司) to Dexin Services Group Limited (德信服务集团有限公司) and, as settlement, Dexin Services Group Limited (德信服务集团有限公司) issued 53 shares to Createwisdom International Limited (创智国际有限公司) or its nominee;

(o) a cornerstone investment agreement (基石投資協議) dated June 25, 2021 entered into among Dexin Services Group Limited (德信服务集团有限公司), JIC TRUST CO., LTD (中建投信托股份有限公司) and CCB International Capital Limited (建銀國際金融有限公司), pursuant to which JIC TRUST CO., LTD (中建投信托股份有限公司) agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of the Hong Kong dollar equivalent of RMB50,000,000 (after deduction of necessary fees such as brokerage and levies) at the Offer Price;

(p) a cornerstone investment agreement (基石投資協議) dated June 25, 2021 entered into among Dexin Services Group Limited (德信服务集团有限公司), Hangzhou Light Industrial Association Investment Group Co., Ltd. (杭州輕聯投資集團有限公司) and CCB International Capital Limited (建銀國際金融有限公司), pursuant to which Hangzhou Light Industrial Association Investment Group Co., Ltd. (杭州輕聯投資集團有限公司) agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of the Hong Kong dollar equivalent of RMB26,000,000 (which includes necessary fees such as brokerage and levies) at the Offer Price;

(q) a cornerstone investment agreement (基石投資協議) dated June 24, 2021 entered into among Dexin Services Group Limited (德信服务集团有限公司), Hangzhou Jintou Shenghan Investment Partnership (Limited Partnership) (杭州金投盛晗投資合伙企業(有限合伙)) and CCB International Capital Limited (建銀國際金融有限公司), pursuant to which Hangzhou Jintou Shenghan Investment Partnership (Limited Partnership) (杭州金投盛晗投資合伙企業(有限合伙)) agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of the Hong Kong equivalent of RMB20,000,000 (which includes necessary fees such as brokerage and levies) at the Offer Price;

(r) the Deed of Indemnity;

(s) the Deed of Non-competition; and

(t) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner of the following trademarks which, in the opinion of our Directors, are or may be material to our business:

No.	Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Date of expiry
1.		22325923	43	Shengquan Property	PRC	January 28, 2018	January 27, 2028
2.		22325818	29	Shengquan Property	PRC	January 28, 2018	January 27, 2028
3.		22325740	16	Shengquan Property	PRC	January 28, 2018	January 27, 2028

No.	Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Date of expiry
4.	桔邻	21695625	43	Shengquan Property	PRC	December 14, 2017	December 13, 2027
5.	桔邻	21695373	29	Shengquan Property	PRC	December 14, 2017	December 13, 2027
6.	桔邻	21695336	16	Shengquan Property	PRC	December 14, 2017	December 13, 2027
7.	盛全物业 SHENGQUAN PROPERTY	13268731	37	Shengquan Property	PRC	June 21, 2015	June 20, 2025
8.	盛全物业 SHENGQUAN PROPERTY	6211274	36	Shengquan Property	PRC	March 28, 2010	March 27, 2030
9.	seeiner	18626055	9	Xier Technology	PRC	January 28, 2017	January 27, 2027
10.	seeiner	18621489	38	Xier Technology	PRC	January 21, 2017	January 20, 2027
11.	seeiner	18620723	42	Xier Technology	PRC	February 7, 2018	February 6, 2028
12.	悉尔科技	18620686	9	Xier Technology	PRC	January 21, 2017	January 20, 2027
13.	悉尔科技	18623212	38	Xier Technology	PRC	January 28, 2017	January 27, 2027
14.	悉尔科技	18620531	42	Xier Technology	PRC	January 21, 2017	January 20, 2027
15.	德信盛全服务 DEXIN SHENGQUAN SERVICE	305523273	36, 37, 42	the Company	Hong Kong	June 11, 2021	June 11, 2031

As of the Latest Practicable Date, our Group has applied for the registration of the following trademarks which, in the opinion of our Directors, are or may be material to our business:

No.	Trademark	Application number	Class	Name of applicant	Place of application	Date of application
1.	德信物业	50993694	36	Dexin Property	PRC	November 4, 2020
2.	德信物业	51002058	37	Dexin Property	PRC	November 4, 2020
3.	德信盛全服务 DEXIN SHENGQUAN SERVICE	50970817	36	Shengquan Property	PRC	November 4, 2020
4.	德信盛全服务 DEXIN SHENGQUAN SERVICE	50976485	37	Shengquan Property	PRC	November 4, 2020

(b) Patents

As of the Latest Practicable Date, our Group was the registered owner of the following patents in the PRC which, in the opinion of our Directors, are or may be material to our business:

No.	Patent	Type	Patent number	Registered owner	Date of expiry
1.	Smart building control device based on facial recognition (基於人臉識別的智能樓宇控制裝置)	Utility model patent	ZL201620082623.2	Xier Technology	January 27, 2026
2.	Automatic control device for sidewalk gate based on facial recognition (一種基於人臉識別的人行道閘自動控制裝置)	Utility model patent	ZL201620107458.1	Xier Technology	February 2, 2026
3.	Automatic control device of lock (鎖具的自動控制裝置)	Utility model patent	ZL201620105087.3	Xier Technology	February 2, 2026
4.	Access controller (門禁控制器)	Design patent	ZL201630066129.2	Xier Technology	March 9, 2026

No.	Patent	Type	Patent number	Registered owner	Date of expiry
5.	Access control pager (門禁呼叫器)	Design patent	ZL201630066128.8	Xier Technology	March 9, 2026
6.	Self-service visitor identification system (自助訪客識別系統)	Utility model patent	ZL201620252902.9	Xier Technology	March 29, 2026
7.	A rare earth transition metal rotating target for optical communication and magnetic storage coating and preparation method thereof (一種光通信和磁儲存鍍膜用稀土– 過渡金屬旋轉靶材及其制備方法)	Invention patent	ZL201610581335.6	Xier Technology	July 20, 2036
8.	Hotel self-service system (一種酒店自助系統)	Utility model patent	ZL201620842026.5	Xier Technology	August 2, 2026
9.	Smart dual-screen identity self-certification machine (智能雙屏身份自證機)	Design patent	ZL201630552704.X	Xier Technology	November 14, 2026
10.	Indoor unit (室內機)	Design patent	ZL201630649466.4	Xier Technology	December 27, 2026
11.	Turnstile (閘機)	Design patent	ZL201630649256.5	Xier Technology	December 27, 2026
12.	Smart facial recognition terminal (dual camera M8008) (智能人臉識別終端(雙攝像頭M8008))	Design patent	ZL201730369247.5	Xier Technology	August 14, 2027
13.	Iris and facial recognition equipment (雙目活體人臉識別設備) (A18010)	Design patent	ZL201930013923.4	Xier Technology	January 10, 2029
14.	Iris recognition intercom unit (7 inch A18007) (雙目單元機(7寸A18007))	Design patent	ZL201930383661.0	Xier Technology	July 18, 2029
15.	Video intercom unit (可視對講單元機)	Utility model patent	ZL201922140234.7	Xier Technology	December 3, 2029
16.	Visitors all-in-one unit (訪客一體機)	Utility model patent	ZL201922139796.X	Xier Technology	December 3, 2029
17.	Indoor video intercom (可視對講室內機)	Utility model patent	ZL201922139180.2	Xier Technology	December 3, 2029
18.	Infrared temperature measurement circuit, printed circuit board, device and system (紅外測溫電路、印制電路板、裝置及系統)	Utility model patent	ZL202021886673.9	Xier Technology	September 2, 2030

(c) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights in the PRC which, in the opinion of our Directors, are or may be material to our business:

(i) Software

No.	Copyright	Registration number	First publication date	Registered owner
1.	Xier Smart Property System Software V1.0 (悉爾智能物業系統軟件V1.0)	2016SR402167	March 21, 2016	Xier Technology
2.	Xier Community APP System Software V1.0 (悉爾社區APP系統軟件V1.0)	2017SR321758	August 13, 2016	Xier Technology
3.	Xier Facial Recognition Intercom System Software V1.0 (悉爾基於人臉識別的對講系統軟件V1.0)	2016SR400970	November 4, 2016	Xier Technology
4.	Xier Beehive Management Platform System Software V2.0 (悉爾蜂巢管理系統平台軟件V2.0)	2017SR321570	December 28, 2016	Xier Technology
5.	Xier Guest Reception Door Lock System Software V1.0 (悉爾迎賓門禁系統軟件V1.0)	2017SR321766	December 28, 2016	Xier Technology
6.	Xier Smart Property System Software V2.0 (悉爾智能物業系統軟件V2.0)	2017SR349953	December 28, 2016	Xier Technology
7.	Xier Smart Elevator Control System Software V1.0 (悉爾智能梯控終端系統軟件V1.0)	2018SR053662	May 1, 2017	Xier Technology
8.	Xier AI Identity Comparison System Software V1.0 (悉爾AI身份對比系統軟件V1.0)	2018SR643415	June 1, 2017	Xier Technology
9.	Xier Fire Ants Management Service Software V2.0 (悉爾火蟻管理服務軟件V2.0)	2018SR683062	June 1, 2017	Xier Technology
10.	Xier Smart Hotel Management System Software V1.0 (悉爾智慧酒店管理系統軟件V1.0)	2020SR0749943	October 30, 2018	Xier Technology

No.	Copyright	Registration number	First publication date	Registered owner
11.	Xier Xike Sales Office Management System Software [Abbr. Xike Sales Office Management System] V1.0 (悉爾悉客案場管理系統軟件[簡稱:悉客案場管理系統]V1.0)	2019SR1301971	September 30, 2019	Xier Technology
12.	Xier Iris and Face Recognition Door Lock Device System Software V1.0 (悉爾雙目人臉識別門禁機系統軟件V1.0)	2020SR0714424	December 30, 2019	Xier Technology
13.	Smart Community Integrated Management Platform V4.0 (智慧園區綜合管理平台V4.0)	2020SR1503227	August 20, 2020	Xier Technology
14.	Xishenghuo App [Abbr. Xishenghuo] V2.1 (悉生活APP[簡稱:悉生活]V2.1)	2020SR1502114	August 30, 2020	Xier Technology
15.	Internet of Things Property Management System V1.0 (基於物聯網的物業服務系統V1.0)	2021SR0036050	November 27, 2020	Shengquan Property and Xier Technology
16.	Smart Community Integration Property Management Platform V1.0 (面向智慧社區的一體化物業管理平台V1.0)	2021SR0036045	November 27, 2020	Shengquan Property and Xier Technology

(ii) Works

No.	Copyright	Category	Registration number	First publication date	Registered owner
1.	SEEINER Logo (SEEINER標識)	Arts	國作登字-2016-F-00339389	N/A	Xier Technology
2.	SEEiner Logo (SEEiner標識)	Arts	國作登字-2016-F-00339496	November 20, 2015	Xier Technology

(b) Domain name

As of the Latest Practicable Date, our Group had registered the following domain name which, in the opinion of our Directors, is or may be material to our business:

No.	Domain name	Name of registered proprietor	Date of registration	Date of expiry
1.	shengquanwuye.com	Shengquan Property	December 1, 2009	December 1, 2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests – Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Immediately following completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option or any option which may be granted under the Share Option Scheme is not exercised, the interests or short positions of Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange once our Shares are listed will be as follows:

Interest in our Company

Name of Director	Nature of Interest	Number of Shares interested(1)	Approximate percentage of interest
Mr. Hu	Interest in controlled corporation(2) Interest of spouse(2)	529,202,279 (L)	52.92%

Notes:

(1) The letter “L” denotes the person’s long position in our Shares.

(2) Shengfu International is owned as to 92% by Mr. Hu and 8% by Ms. Wei, the spouse of Mr. Hu. By virtue of the SFO, Mr. Hu and Ms. Wei are deemed to be interested in the Shares held by Shengfu International.

Interest in associated corporation of our Company

Name of Director	Name of associated corporation	Nature of Interest	Number of shares interested(1)	Approximate percentage of interest
Mr. Hu	Shengfu International	Beneficial owner	458 (L)	91.6%

Note:

(1) The letter "L" denotes the person's long position in our shares.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the date of appointment or re-designation as an executive Director, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the date of appointment, which may be terminated by not less than three months' notice in writing served by either party on the other.

(c) Directors' remuneration

Each of our executive Directors, namely Mr. Hu Yiping, Mr. Tang Junjie and Ms. Zhu Xiaoli, is entitled to an annual remuneration of RMB0.5 million, RMB0.8 million, and RMB0.5 million, respectively. For the years ended December 31, 2018, 2019 and 2020, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, retirement benefits scheme, allowance and other benefits in kind) paid to our Directors was approximately RMB0.32 million, RMB1.03 million and RMB1.21 million, respectively. For details, please refer to Note 31 of the Accountant's Report set out in Appendix I to this prospectus.

Each of our independent non-executive Directors has been appointed for a term of three years. Our Company intends to pay a director's fee of HK$200,000 per annum to each of them. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, bonus, share-based payments, contributions to retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2021 is estimated to be no more than RMB2.6 million.

2. Substantial shareholders

(a) Interests of the substantial Shareholders in our Company

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any person (other than our Directors or chief executive of our Company) who will, immediately following the completion of the Capitalization Issue and the Global Offering assuming that the Over-allotment Option or any option which may be granted under the Share Option Scheme is not exercised, have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(b) Interests of the substantial shareholders in 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 or chief executive of our Company) were interested in 10% or more of the issued voting shares of other members of our Group:

Members of our Group	Name of shareholder(s)	Approximate percentage of the interests held
Hangzhou Xiangyu	Deqing Xuchi Investment Management Partnership (Limited Partnership) (德清栩馳投資管理合伙企業(有限合伙))	24.00%
Hangzhou Deyu	Deqing Bohan Investment Management Partnership (Limited Partnership) (德清博瀚投資管理合伙企業(有限合伙))	30.00%
Xier Technology	Deqing Hongxiang Enterprise Management Partnership (Limited Partnership) (德清虹祥企業管理合伙企業(有限合伙))	26.91%
	Deqing Xiyou Enterprise Management Partnership (Limited Partnership) (德清悉優企業管理合伙企業(有限合伙))	22.09%
Shanxi Dexin	Zhao Feng (趙峰)	24.50%
	Zhao Jiulin (趙九林)	24.50%

Members of our Group	Name of shareholder(s)	Approximate percentage of the interests held
Pizhou Detian Property Co., Ltd. (邳州德田物業有限公司)	Pizhou Longhai Urban and Rural Development and Construction Co., Ltd. (邳州市隴海城鄉開發建設有限公司)	49.00%
Huzhou Guomao Property Co., Ltd. (湖州國貿物業有限責任公司)	Huzhou Lvtou Asset Management Co., Ltd. (湖州旅投資產管理有限公司)	40.00%

3. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting" in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Disclaimers

(a) save as disclosed in this section, none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are listed;

(b) none of our Directors or experts referred to under "—E. Other Information—8. Qualifications and consents of experts" below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) save as disclosed in this section, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, save as disclosed in this section, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and

(f) so far as is known to our Directors, as of the Latest Practicable Date, save for Mr. Hu Yiping, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on June 21, 2021.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of our Company or any of our subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of our subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board will contribute or have contributed to our Company or any of our subsidiaries.

Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance or payment and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial advisor as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 100,000,000 Shares (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular to be issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company to our Shareholders which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time. The circular to be issued by our Company shall contain the identity of the Eligible Participants, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (as defined in the Listing Rules (or his/her associates (as defined in the Listing Rules) if the Eligible participant is a connected person (as defined in the Listing Rules))) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

(aa) the Eligible Participant's name, address and occupation;

(bb) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;

(cc) the date upon which an offer for an option must be accepted;

(dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);

(ee) the number of Shares in respect of which the option is offered;

(ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;

(gg) the date of the expiry of the option as may be determined by the Board;

(hh) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and

(ii) such other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the Listing Rules.

(f) Price of Shares

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(g) Granting options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue on the date of offer of the option; and

(ii) having an aggregate value, based on the official closing price of our Shares as stated in the daily quotation sheets of the Stock Exchange on the date of such grant, in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of options

A grant of options may not be made after inside information has come to the knowledge of our Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of our annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be),

and where an option is granted to a Director notwithstanding the above:

(i) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Rights are personal to grantee

An option and an offer to grant an option shall be personal to the grantee and shall not be transferable or assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option held by him/her or any offer relating to the grant of an option made to him/her or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment or death

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

(i) by any reason other than death or termination of his or her employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation (which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not); or

(ii) by reason of death, his/her personal representative(s) may exercise the option in full (to the extent as exercised) within a period of 12 months (or such longer period as the Board may determine) from the date of death.

(m) Rights on dismissal

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of our Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offense involving his/her integrity or honesty, his or her option will lapse and not be exercisable after the date of termination of his or her employment.

(n) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his or her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the Cayman Islands Companies Act, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members and/or creditors summoning the meeting to consider such a compromise or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable as if such compromise or arrangement had not been proposed by our Company.

(q) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting, dividend or other rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares to be allotted and issued on the exercise of options shall be subject to the provisions of the Articles of Association and shall carry the same rights in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his/her opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approval independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrations and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations shall be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him/her before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;

(iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of our subsidiaries or the termination of his/her employment or contract on any one or more of the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; or

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except any alternations which take effect automatically under the terms of the Share Option Scheme),

shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) Cancelation of options

Any cancelation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is canceled pursuant to paragraph (i).

(v) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to and is conditional upon:

(i) the passing of the necessary resolutions by our Shareholders to approve and adopt the rules of the Share Option Scheme;

(ii) the Stock Exchange granting the approval for the listing of and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver(s) of any such condition(s) by the Sole Global Coordinator (on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;

(iv) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within six calendar months from the adoption date:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) Present status of the Share Option Scheme

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Stock Exchange for the granting of the approval for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 100,000,000 Shares in total.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for ourselves and as trustee for each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any liability for estate duty under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Group on or before the Listing Date; and (ii) any additional tax demand, late charges or penalties incurred after the Listing Date arising from any unreported tax, outstanding tax payment and any other tax liabilities resulting from any breach of applicable laws or regulations in the relevant jurisdiction by any member of our Group on or before the Listing Date.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of US$500,000 for acting as the sponsor for the Listing.

The Sole Sponsor has made an application on our Company's behalf to the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses incurred and paid by our Company relating to the incorporation of our Company were approximately US$11,415.

5. No material adverse change

Saved as disclosed in the sections headed "Summary" and "Financial Information" in this prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since December 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares provided that the relevant instrument of transfer and transfer documents are executed and remain(s) outside the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualifications
CCB International Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Conyers Dill & Pearman	Legal advisors to our Company as to Cayman Islands laws
Commerce & Finance Law Offices	Legal advisors to our Company as to the PRC laws
China Index Academy	Industry consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

9. Interests of experts in our Company

None of the persons named in "—8. Qualifications and consents of experts" above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. Binding effect

This prospectus shall have the effect, in an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

(a) Within the two years immediately preceding the date of this prospectus:

(i) save as disclosed in "History, Reorganization and Corporate Structure" in this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;

(b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(d) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(e) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(f) our Directors have been advised that under Cayman Islands Companies Act the use of a Chinese name by our Company does not contravene the Cayman Islands Companies Act;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) our Company has no outstanding convertible debt securities or debentures; and

(i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (b) the written consents referred to in "Statutory and General Information—E. Other Information—8. Qualifications and consents of experts" in Appendix IV to this prospectus; and (c) a copy of each of the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of material contracts" in Appendix IV to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the 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, 2018, 2019 and 2020;

(e) the legal opinion dated the prospectus date issued by Commerce & Finance Law Offices, our legal advisors as to PRC laws, in respect of certain aspects, general corporate matters and property interests of our Group;

(f) the letter of advice dated the prospectus date issued by Conyers Dill & Pearman, our legal advisors as to Cayman Islands law, summarizing certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;

(g) the CIA Report;

(h) the Cayman Islands Companies Act;

(i) the rules of the Share Option Scheme;

(j) the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of material contracts" in Appendix IV to this prospectus;

(k) the service agreements and letters of appointment entered into between our Company and each of our Directors (as applicable) referred to in "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Directors" in Appendix IV to this prospectus; and

(l) the written consents referred to in "Statutory and General Information—E. Other Information—8. Qualifications and consents of experts" in Appendix IV to this prospectus.

Dexin Services Group Limited
德信服务集团有限公司