康橋悅生活
KANGQIAO SERVICE GROUP

康橋悅生活集團有限公司
Kangqiao Service Group Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 2205

GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator

建银国际 CCB International

Joint Bookrunners

建银国际 CCB International

海通國際 HAITONG

盛源 SHENG YUAN

申萬宏源香港 SHENWAN HONGYUAN

德林證券 DL SECURITIES

國信證券(香港) GUOSEN SECURITIES (HK)

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

Kangqiao Service Group Limited
康橋悅生活集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**175,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**17,500,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**157,500,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$3.88 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**2205**

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission 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 our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, July 9, 2021 and, in any event, not later than Wednesday, July 14, 2021. The Offer Price will be not more than HK$3.88 per Offer Share and is currently expected to be not less than HK$2.78 per Offer Share, unless otherwise announced. Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$3.88 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$3.88 per Offer Share. 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 by Wednesday, July 14, 2021, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.kqysh.com.cn** not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement 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 Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

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

June 29, 2021

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

Hong Kong Public Offer 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 Friday, July 9, 2021
Application lists open[3]	11:45 a.m. on Friday, July 9, 2021
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, July 9, 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 Friday, July 9, 2021
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, July 9, 2021
Application lists close[3]	12:00 noon on Friday, July 9, 2021
Expected Price Determination Date[5]	Friday, July 9, 2021
Announcement of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.kqysh.com.cn**[6] on or before	Thursday, July 15, 2021
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares" from	Thursday, July 15, 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.kqysh.com.cn**[6] from	Thursday, July 15, 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	Thursday, July 15, 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]	Thursday, July 15, 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]	Thursday, July 15, 2021
Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Friday, July 16, 2021

The application for the Hong Kong Offer Shares will commence on Tuesday, June 29, 2021 through Friday, July 9, 2021, being longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company after the closing of the application lists and the refund monies, if any, will be returned to the applicants without interest on Thursday, July 15, 2021. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Friday, July 16, 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 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 a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 9, 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 Friday, July 9, 2021, the dates mentioned in this section may be affected. An 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 Friday, July 9, 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 Underwriters) and us by Wednesday, July 14, 2021, the Global Offering will not proceed and will lapse.

(6) Neither our Company's website nor 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. on the Listing Date, which is expected to be on Friday, July 16, 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 term. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or the Share certificates becoming valid certificates of title do so entirely 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 **White Form eIPO** 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 (where applicable) and/or Share certificates (where applicable) 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 from 9:00 a.m. to 1:00 p.m. on Thursday, July 15, 2021 or such other date as notified by our Company 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, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock account or CCASS Investor Participant stock accounts, as appropriate. 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 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 at their own risk.

Share certificates and/or refund checks for 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' own 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 and the procedures for application for the Hong Kong Offer Shares.

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

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

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This summary aims to give you an overview of the information contained in this prospectus. 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" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a reputable comprehensive property management service provider in the PRC, with a leading position in Henan Province. In our over 10 years history, we have been deeply rooted in Henan Province and have gradually expanded our business into key regions outside Henan, including Zhejiang Province, Jiangsu Province, Hubei Province, Hebei Province, Guangdong Province, Shandong Province and Shaanxi Province. We were awarded the Leading Brand of Property Management Services in Central China (中國華中區域物業服務領先品牌) in 2019 and 2020. According to CIA, we ranked second in terms of the GFA under management as of December 31, 2020 and third in terms of the revenue in 2020 among the Top 100 Property Management Companies headquartered in Henan Province. Among the Top 100 Property Management Companies in the PRC, we ranked 78th in terms of the GFA under management as of December 31, 2020 and 97th in terms of the revenue in 2020, according to CIA. As of December 31, 2020, we had 112 properties under management with an aggregate GFA under management of approximately 15.7 million sq.m., covering 17 cities in three provinces. As of the same date, we were contracted to manage 238 properties with an aggregate contracted GFA of 39.0 million sq.m., covering 28 cities in eight provinces. In addition, we have been recognized as one of the Top 100 Property Management Companies in China for six consecutive years since 2016 and ranked 37th among the 2021 Top 100 Property Management Companies in China in terms of overall strength according to CIA.

We provide a wide range of quality services for residential properties and non-residential properties such as commercial properties, office buildings, industrial parks and public properties. We have established a long-term cooperative relationship with Kangqiao Group, which lays the foundation for our continuous growth. We also possess strong business and market expansion capabilities as evidenced by our historical fast growth of properties under management developed by third-party property developers. We believe the relationship with Kangqiao Group, coupled with our ability to expand our project portfolio through engagement with third-party property developers or property owners attributed to our fast growth in terms of revenue and net profit during the Track Record Period. Our revenue increased by 58.5% from RMB228.9 million in 2018 to RMB362.8 million in 2019, and further by increased 58.6% to RMB575.6 million in 2020. Our net profit also grew by 177.1% from RMB21.7 million in 2018 to RMB60.1 million in 2019, and further increased by 52.6% to RMB91.8 million in 2020.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from three business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

- *Property management services.* We provide property owners, property developers and residents of residential properties as well as tenants in non-residential properties under our management with a wide range of property management services, which typically include, among others, security, cleaning, greening, gardening, repairs and maintenance services. Our portfolio of managed properties comprises of residential properties and non-residential properties, such as commercial properties, office buildings and industrial parks.

- *Value-added services to non-property owners.* We provide value-added services to non-property owners, primarily property developers, mainly consisting of (i) sales office management services, such as visitor reception, cleaning and security services, (ii) pre-delivery services that we offer to property developers at different stages before the delivery of properties, primarily including optimization of construction blueprints at the drawing design stage, quality control during the construction process, measurement and inspection of completed unites (iii) sales agency services in which we mainly facilitate property developers in selling their first-hand properties prior to property delivery, (iv) construction site management services to constructors and property developers, and (v) consultancy services to property developers and property management companies.

- *Community value-added services.* We also provide a comprehensive range of community value-added services to property owners and residents to improve their living experiences and to preserve and increase the value of their assets. These services primarily include (i) home-living services, such as housekeeping and cleaning services, home maintenance services, decoration and move-in furnishing services and shopping services, (ii) community operation services with respect to managing community spaces and optimizing the utilization of public resources, and (iii) asset operation services, primarily including property agency services with respect to second-hand properties and unsold parking spaces after property delivery, and rental services in relation to parking spaces.

We believe our property management service business serves as the basis for us to generate revenue and provides an ever-increasing customer base for community value-added services. We believe our value-added services to non-property owners help us gain early access to property development projects and establish and cultivate business relationships with the property developers, putting us in a stronger position to secure engagements for property management services. We believe our community value-added services, through the offer of diversified services, enhance the satisfaction and loyalty of our customers, enhance the market recognition of our brand and services and improve our profitability.

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

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	(RMB'000)	*(RMB'000)*	*(%)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(RMB'000)*	*(%)*
Property management services									
Kangqiao Group	7,232	1,512	20.9	14,513	2,790	19.2	16,758	3,935	23.5
Independent Third Parties	125,343	15,004	12.0	162,326	22,407	13.8	238,198	40,416	17.0
Subtotal	132,575	16,516	12.5	176,839	25,197	14.2	254,956	44,351	17.4
Value-added services to non-property owners									
Kangqiao Group	47,159	16,600	35.2	75,740	31,744	41.9	166,087	59,084	35.6
Joint venture and associates of Kangqiao Group	5,755	1,859	32.3	8,969	3,609	40.2	11,260	3,080	27.4
Independent Third Parties	13,872	4,531	32.7	32,517	11,866	36.5	58,061	22,137	38.1
Subtotal	66,786	22,990	34.4	117,226	47,219	40.3	235,408	84,301	35.8
Community value-added services									
Kangqiao Group	3,551	989	27.8	28,597	13,881	48.5	37,803	17,083	45.2
Joint venture and associates of Kangqiao Group	83	5	6.0	–	N/A	N/A	21	15	70.0
Independent Third Parties	25,951	13,471	51.9	40,178	24,739	61.6	47,397	30,794	65.0
Subtotal	29,585	14,465	48.9	68,775	38,620	56.2	85,221	47,892	56.2
Total	**228,946**	**53,971**	**23.6**	**362,840**	**111,036**	**30.6**	**575,585**	**176,544**	**30.7**

Our overall gross profit margin increased from 23.6% in 2018 to 30.6% in 2019, and remained relatively stable at 30.7% in 2020. The increase in our gross profit margin was primarily due to the greater economies of scale achieved as we expanded the project portfolio under our management, the growth of our value-added services which had relatively higher profit margin compared to traditional property management services, and our implementation of effective cost control measures through improving intelligent devices and systems, such as upgrading our parking system and online fee collection system.

Our gross profit margin for property management services increased from 12.5% for 2018 to 14.2% for 2019, and further to 17.4% for 2020. The continued increase in the gross profit margin for property management services was due to the fact that our revenue for property management increased at a faster pace as compared with the cost of sales. This was further attributable to (i) the increase in our average property management fees from RMB1.78 per sq.m. per month in 2018 to RMB2.00 per sq.m. per month in 2020, mainly due to (a) the addition of properties under management located in provincial capitals such as Hangzhou and Wuhan where the property management fees were relatively high, (b) delivery of certain non-residential properties such as office building and industrial parks in 2019 and 2020 which had comparatively higher property management service fees; and (c) the fact that we were able to charge higher property management fees for certain properties delivered in 2019 and 2020 given our well-established track record and enhanced brand name; and (ii) our effective cost control measures, including adopting technological solutions to control labor costs and standardizing procedures to streamline our operations, and the greater economies of scale

achieved during our business expansion. According to CIA, our average property management service fees and our gross profit margin of property management services are within the industry range of comparable companies in the same region.

Our gross profit margin for value-added services to non-property owners increased from 34.4% for 2018 to 40.3% for 2019, primarily due to the greater economics of scale achieved as a result of the increased number of projects for which we provided sales office management services and pre-delivery services. The gross profit margin for value-added services to non-property owners decreased to 35.8% for 2020, mainly driven by the decrease of gross profit margin for value-added services to non-property owners provided to Kangqiao Group from 41.9% in 2019 to 35.6% in 2020. The revenue from value-added services to non-property owners provided to Kangqiao Group increased substantially from RMB75.7 million in 2019 to RMB166.1 million in 2020. The above-mentioned decreased profit margin and increased revenue in 2020 was further due to the fast growth of sales agency services to first-hand properties, which were mainly provided to Kangqiao Group, as we started to vigorously develop this business line in August 2020 and set competitive fee rates for such services in order to expand our market share.

Our gross profit margin for community value-added services increased from 48.9% for 2018 to 56.2% for 2019, which remained stable at 56.2% for 2020. The increase in the gross profit margin for community value-added services from 2018 to 2019 reflects (i) the expansion of our business, especially asset operation services related to second-hand properties and unsold carparks, which had a higher gross profit margin in 2019 compared to 2018 as a result of the greater economics of scale and effective cost control driven by the implementation of standardized operation system, and (ii) our effective cost management through improving intelligent devices and management systems, such as our upgrade of parking systems in 2019. Our revenue from community value-added services provided to Kangqiao Group increased significantly from RMB3.6 million in 2018 to RMB28.6 million in 2019, primarily attributable to an increased revenue generated from asset operation services, as we started to provide sales agency services in relation to second-hand properties and carparks in late 2018 which experienced robust growth in 2019.

During the Track Record Period, the gross profit margin of value-added services to non-property owners provided to Kangqiao Group was higher than that of Independent Third Parties, which was mainly attributable to the relatively high profit margins of sales office management services, pre-delivery services and construction site management services provided to Kangqiao Group, as (i) sales offices of Kangqiao Group were mainly located in provincial capitals which typically require high-quality sales office management services, and hence they accepted high prices that resulted in a relatively high profit margin; (ii) pre-delivery services provided to Kangqiao Group were mainly offered in Zhengzhou where it was easier for us to carry out unified management and to reduce marginal cost of management compared to projects of Independent Third Parties and we were generally more willing to offer competitive price for projects of Independent Third Parties to expand our market share; and (iii) construction site management projects of Kangqiao Group typically had high standards for the staff's age, height and number of inspections therefore relevant fee rates were comparatively high.

For discussions on the average property management fees charged on properties developed by Kangqiao Group and the relevant gross profit margins compared to that of properties developed by independent third parties, see the subsection headed "– Property Management Services" below.

Property Management Services

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

	As of or for the year ended December 31,											
	2018				2019				2020			
	Number of properties under management	GFA under management	Revenue		Number of properties under management	GFA under management	Revenue		Number of properties under management	GFA under management	Revenue	
		(sq.m.)	*(RMB)*	*(%)*		*(sq.m.)*	*(RMB)*	*(%)*		*(sq.m.)*	*(RMB)*	*(%)*
					(in thousands, except for percentages)							
Properties developed by Kangqiao Group[(1)]												
– Properties solely developed by Kangqiao Group	12	1,563	29,942	22.6	21	2,742	44,630	25.2	25	3,578	77,560	30.4
– Properties co-developed by project companies controlled by Kangqiao Group[(2)]	9	1,736	41,009	30.9	10	2,144	46,521	26.3	11	2,319	50,353	19.8
– Subtotal	21	3,299	70,951	53.5	31	4,886	91,151	51.5	36	5,897	127,913	50.2
Properties developed by third-party property developers[(3)]	38	5,429	61,624	46.5	52	7,363	85,688	48.5	76	9,819	127,043	49.8
Total	**59**	**8,728**	**132,575**	**100.0**	**83**	**12,249**	**176,839**	**100.0**	**112**	**15,716**	**254,956**	**100.0**

Notes:

(1) Refers to properties solely developed by Kangqiao Group and jointly developed by Kangqiao Group and other property developers in which Kangqiao Group holds a controlling interest.

(2) Refers to properties jointly developed by Kangqiao Group and other property developers in which Kangqiao Group holds a controlling interest.

(3) Refers to properties solely developed by property developers that are independent of Kangqiao Group and our Controlling Shareholders.

The table below sets forth a breakdown of undelivered GFA as of the dates indicated, our average property management fee, gross profit and gross profit margin for property management services by type of property developers for the years indicated.

	As of or for the year ended December 31											
	2018				2019				2020			
	Undelivered GFA	Average property management fees	Gross profit	Gross profit margin	Undelivered GFA	Average property management fees	Gross profit	Gross profit margin	Undelivered GFA	Average property management fees	Gross profit	Gross profit margin
	Sq.m.'000	*RMB per sq.m. per month*	*RMB '000*	*%*	*Sq.m.'000*	*RMB per sq.m. per month*	*RMB '000*	*%*	*Sq.m.'000*	*RMB per sq.m. per month*	*RMB '000*	*%*
Properties developed by Kangqiao Group	4,050	2.17	10,936	15.4	3,552	2.31	14,352	15.7	4,182	2.47	27,089	21.2
Properties developed by joint ventures and associates of Kangqiao Group	329	N/A	–	N/A	604	N/A	–	N/A	850	N/A	–	N/A
Properties developed by third-party property developers	7,842	1.52	5,580	9.1	13,189	1.73	10,845	12.7	18,277	1.74	17,262	13.6
Total	**12,221**	**1.78**	**16,516**	**12.5**	**17,345**	**1.95**	**25,197**	**14.2**	**23,309**	**2.00**	**44,351**	**17.4**

During the Track Record Period, we charged property management fees substantially on a lump sum basis, with a limited amount of our revenue from property management services generated on a commission basis.

Property Management Fees by Type of Properties

During the Track Record Period, our average property management fee charged for residential properties was approximately RMB1.74, RMB1.81 and RMB1.90 per sq.m. per month for 2018, 2019 and 2020, respectively, and our average property management fee charged for non-residential properties was approximately RMB2.44, RMB3.53 and RMB3.52 per sq.m. per month for 2018, 2019 and 2020, respectively. During the Track Record Period, the average property management fee charged for residential properties was significantly lower than that for non-residential properties, which, as advised by CIA, is normal in the property management industry, as (i) non-residential properties typically require more specialized and high-quality property management services, which need more manpower and cost of materials, and (ii) customers of non-residential properties are generally enterprises with stronger payment ability compared to customers of residential properties, and are relatively insensitive to rising of property management fees.

Property Management Fees and Gross Profit Margin by Type of Property Developers

Property management fees by Type of Property Developers

Our average property management fee charged on properties developed by Kangqiao Group was approximately RMB2.17, RMB2.31 and RMB2.47 per sq.m. per month for 2018, 2019 and 2020, respectively, and our average property management fee charged on properties developed by third-party property developers was approximately RMB1.52, RMB1.73 and RMB1.74 per sq.m. per month for 2018, 2019 and 2020, respectively.

During the Track Record Period, the average property management fee charged on properties developed by Kangqiao Group was substantially higher than that charged on properties developed by third-party property developers, primarily due to the following reasons:

(i) the properties developed by Kangqiao Group were mainly located in provincial capitals, such as Zhengzhou and Wuhan, which generally have relatively high property management fees compared to properties in prefecture-level cities. Specifically, as of December 31, 2018, 2019 and 2020, 100.0%, 100.0% and 97.2% of the properties under management developed by Kangqiao Group were located in provincial capitals and surrounding cities. As of the same dates, only 77.0%, 62.5% and 58.8% of the properties under management developed by third-party property developers were located in provincial capitals and surrounding cities and the rest of the properties developed by third-party developers were located in prefecture-level cities;

(ii) compared to properties under management developed by third-party property developers, properties developed by Kangqiao Group generally require higher quality of property management services corresponding to the overall positioning and planning of relevant properties, which in turn leads to a higher property management fee. To the best knowledge of the Company, the selling prices of properties developed by Kangqiao Group were generally higher than those developed by third-party property developers under our management, and properties developed by Kangqiao Group mainly target customer groups who have the ability to pay for and pursue a better living experience. Hence, the properties developed by Kangqiao Group are generally equipped with relatively more intelligent devices and attach importance to providing customers with a good living experience through quality property management services. For example, the staff who provide services to properties developed by Kangqiao Group generally need to meet high requirements for the staff's age and education background and higher standards of quality in various aspects, such as response time to customers' request;

(iii) we were able to provide more efficient and quality services due to our engagement starting from an early stage of property development in the projects developed by Kangqiao Group, which led to customers' willingness to accept higher prices; and

(iv) many projects developed by third-party property developers were second-hand projects with a relatively long history, and therefore when we took the projects over from other property management companies, the property management fees were relatively low and residents there were relatively reluctant to accept the rise of property management fees.

Gross Profit Margin of Property Management Services by Type of Property Developers

The gross profit margin of property management services on properties developed by Kangqiao Group was 15.4%, 15.7% and 21.2% in 2018, 2019 and 2020, respectively, which was much higher than that on properties developed by third-party property developers of 9.1%, 12.6% and 13.6%, respectively, in the same years, mainly because (i) the average property management fees charged on properties developed by Kangqiao Group was substantially higher than that charged on other properties due to the reasons discussed above; and (ii) the properties developed by Kangqiao Group were more concentrated compared to those developed by third parties, which resulted in greater economies of scale achieved through sharing of costs among projects developed by Kangqiao Group.

Property Management Fees in the Industry

During the Track Record Period, all the properties under our management developed by Kangqiao Group were residential properties. The average property management fee for residential properties developed by Kangqiao Group was approximately RMB2.17, RMB2.31 and RMB2.47 per sq.m. per month for 2018, 2019 and 2020, respectively. According to CIA, the average property management fee for residential properties developed by comparable peer companies ranges from RMB2.17 to RMB2.45 per sq.m. per month in 2019, and our average property management fees for properties developed by Kangqiao Group falls within this range. These peer companies are comparable companies which mainly provide property management services to residential properties in Henan of similar quality in close proximity to that of the Group. Furthermore, according to CIA, property management fees in Henan province generally range from RMB1.5 to RMB3.5 per sq.m. per month and property management fees in Zhengzhou generally range from RMB1.5 to RMB4.5 per sq.m. See "Industry Overview – Overview of the Top 100 Property Management Companies" for further details of average property management fees.

Based on the above, we believe our average property management fees charged on properties developed by Kangqiao Group are generally in line with the industry level and the property management services provided to Kangqiao Group are on normal commercial terms.

Value-added Services to Non-property Owners

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.

	For the years ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Sales office management services	14,850	29.2	33,331	38.7	42,541	40.6
Pre-delivery services	3,763	53.9	6,882	46.9	5,473	50.3
Sales agency services	1,337	78.0	1,803	66.2	26,442	27.2
Construction site management services	2,133	34.2	4,026	32.8	8,048	40.0
Consultancy services	907	95.4	1,177	78.1	1,797	68.7
Total value-added services to non-property owners	**22,990**	**34.4**	**47,219**	**40.3**	**84,301**	**35.8**

The gross profit margin for sales agency services decreased from 78.0% for 2018 to 66.2% for 2019, and further to 27.2% for 2020, primarily due to the fast growth of the scale of our sales agency services related to the first-hand properties, for which we provided a relatively lower price to compete with other companies with a view to expand our business.

The gross profit margin for consultancy services decreased from 95.4% for 2018 to 78.1% for 2019, and further to 68.7% for 2020, mainly due to the increased cost as we recruited more experienced staff for offering consultancy services in order to expand this business line.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin for value-added services to non-property owners for the years indicated and the number of projects of value-added services to non-property owners as of the dates indicated by type of property developers.

	As of/For the year ended December 31,											
	2018				2019				2020			
	Revenue	Gross Profit	Gross Profit Margin	Number of Projects	Revenue	Gross Profit	Gross Profit Margin	Number of Projects	Revenue	Gross Profit	Gross Profit Margin	Number of Projects
	(RMB'000)	*(RMB'000)*	*(%)*		*(RMB'000)*	*(RMB'000)*	*(%)*		*(RMB'000)*	*(RMB'000)*	*(%)*	
Properties developed by Kangqiao Group	48,888	17,042	34.9	68	81,491	33,412	41.0	94	175,654	62,205	35.4	126
Properties developed by joint ventures and associates of Kangqiao Group	5,755	1,859	32.3	4	8,969	3,609	40.2	5	11,260	3,080	27.4	7
Properties developed by third-party property developers	12,143	4,089	33.7	39	26,766	10,198	38.1	68	48,494	19,016	39.2	114
Total	**66,786**	**22,990**	**34.4**	**111**	**117,226**	**47,219**	**40.3**	**167**	**235,408**	**84,301**	**35.8**	**247**

As of April 30, 2021, we had 280 projects of value-added services to non-property owners, including 136 projects for properties developed by Kangqiao Group, eight projects for properties developed by joint ventures and associates of Kangqiao Group, and 136 projects for properties developed by third-party property developers.

Community Value-added 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.

	For the years ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Home-living services	2,083	37.9	3,676	56.3	6,470	67.2
Community operation services	6,578	55.9	10,933	64.7	15,463	65.9
Asset operation services	5,804	47.1	24,011	52.9	25,959	49.8
Total community value-added services	**14,465**	**48.9**	**38,620**	**56.2**	**47,892**	**56.2**

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin for community value-added services by type of property developers for the years indicated.

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	(RMB'000)	*(RMB'000)*	*(%)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(RMB'000)*	*(%)*
Properties developed by Kangqiao Group	14,725	6,864	46.5	46,861	25,949	55.4	60,802	32,359	53.2
Properties developed by third-party property developers	14,860	7,619	51.3	21,914	12,671	57.8	24,419	15,533	63.6
Total	**29,585**	**14,465**	**48.9**	**68,775**	**38,620**	**56.2**	**85,221**	**47,892**	**56.2**

OUR COMPETITIVE STRENGTHS

We believe that our success depends primarily on the following competitive strengths: (i) We are a reputable comprehensive property management service provider in the PRC, with a leading position in Henan Province, (ii) strong business and market expansion capabilities enable us to build our complete and comprehensive service ecosystem, continue to focus on Henan and expand our presence nationwide, (iii) we have established standardized service systems and intelligent technology platforms to improve our customer satisfaction and operational efficiency, (iv) our value-added service business helps us sustain our core competitiveness, (v) our long-standing cooperative relationship with Kangqiao Group has provided us with significant growth opportunities, and (vi) our long-term development is supported by an experienced senior management team, well-established incentive mechanism and scientific and systematic human resource management system.

OUR BUSINESS STRATEGIES

We are committed to being a leading, high-quality, comprehensive property management service operator in China through the following strategies: (i) continue to develop our business in Central China and to expand our presence in key cities nationwide to further diversify our property portfolio and solidify our market position, (ii) continue to strengthen our business and market expansion capabilities and further enhance our merger and acquisition capabilities, (iii) further enhance user satisfaction and operational efficiency through implementing standardized operation and information technology, (iv) further enhance brand influence with high property owner satisfaction and good reputation through improving service quality and creating better lifestyle for property owners and (v) continue to develop an advanced corporate culture and improve our incentive mechanism.

OUR SUPPLIERS AND CUSTOMERS

Our suppliers primarily include subcontractors providing cleaning, greening, security, gardening and repair and maintenance services. In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB11.3 million, RMB22.7 million and RMB50.7 million, respectively, accounted for 24.0%, 31.8% and 35.1%, respectively, of our total purchases.

During the same periods, purchases from our single largest supplier amounted to RMB3.0 million, RMB7.4 million and RMB14.1 million, respectively, which accounted for approximately 6.4%, 10.4% and 9.8%, respectively, of our total purchases.

Our customers mainly include property developers, property owners and residents. In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB70.4 million, RMB136.5 million and RMB243.1 million, respectively, accounting accounted for 30.8%, 37.6% and 42.2%, respectively, of our total revenue. We provided property management services and value-added services to Kangqiao Group and its joint ventures and associates. During the same periods, revenue from our single largest customer, Kangqiao Group, amounted to RMB57.9 million, RMB118.9 million and RMB220.6 million, respectively, which accounted for approximately 25.3%, 32.8% and 38.3%, respectively, of our total revenue. We believe the long-term relationship with Kangqiao Group coupled with our ability to expand our project portfolio through engagement with third-party property developers attributed to our fast growth during the Track Record Period. We expect that the revenue generated from Kangqiao Group and its joint ventures and associates for the provision of value-added services will increase substantially after the Listing. See "Continuing Connected Transactions" for more details.

OUR CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Song, our chairman and non-executive Director, will control the exercise of 71.25% voting power in the general meeting of the Company through Kangqiaoyue Shenghuo BVI. Kangqiaoyue Shenghuo BVI is wholly owned by Hung Fai Property Limited, which is directly wholly owned by Trident Trust Company (South Dakota) Inc. as trustee of The Eternity Trust (a discretionary trust established by Mr. Song as the settlor). Accordingly, Mr. Song, Hung Fai Property Limited and Kangqiaoyue Shenghuo BVI are together a group of our Controlling Shareholders.

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 "Continuing Connected Transactions" for more information.

OUR PRE-IPO INVESTOR

Prior to the Global Offering, we have undergone a pre-IPO investment which the Pre-IPO Investor will hold approximately 3.75% of our issued share capital in aggregate immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. For further details of the identity and background of the Pre-IPO Investor, see "History, Reorganization and Group Structure – Pre-IPO Investment – Information Regarding New Hefeng".

SUMMARY KEY FINANCIAL INFORMATION

The summary financial information set forth below has been derived from, and should be read in conjunction with, our combined 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 financial information was prepared in accordance with HKFRS.

Selected Items of Combined Statements of Comprehensive Income

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**228,946**	**362,840**	**575,585**
Cost of sales	(174,975)	(251,804)	(399,041)
Gross profit	**53,971**	**111,036**	**176,544**
Operating profit	**31,468**	**85,887**	**144,657**
Profit before income tax	**28,992**	**80,374**	**123,901**
Income tax expenses	(7,285)	(20,227)	(32,117)
Profit for the year	**21,707**	**60,147**	**91,784**
Profit attributable to:			
– Owners of the Company	21,813	60,179	88,383
– Non-controlling interests	(106)	(32)	3,401
	21,707	**60,147**	**91,784**

During the Track Record Period, profit for the year was RMB21.7 million, RMB60.1 million and RMB91.8 million for 2018, 2019 and 2020, respectively. The continued increase in our profit for the year was primarily due to an increase in revenue of all business lines which was in line with our business growth, coupled with a continued increase in our profit margin which was attributable to greater economies of scale achieved during our business expansion and our effective cost control measures.

Selected Items of Combined Balance Sheets

	As of December 31,		
	2018	**2019**	**2020**
		(RMB'000)	
Non-current assets	13,062	37,131	47,078
Current assets	237,112	395,626	854,231
Current liabilities	213,151	351,279	504,113
Net current assets	23,961	44,347	350,118
Non-current liabilities	5,527	17,830	230,180
Non-controlling interests	94	6,067	21,052
Total equity	31,496	63,648	167,016

We recorded current assets of RMB237.1 million, RMB395.6 million and RMB854.2 million as of December 31, 2018, 2019 and 2020, respectively, and recorded net current assets of RMB24.0 million, RMB44.3 million and RMB350.1 million as of the same dates, respectively. The increase in our current assets and net current assets primarily due to an increase in trade and other receivables and prepayments, which was further attributable to the increased trade receivables in line with our business expansion and the increased loans to related parties in 2020. In particular, our current assets increased significantly from RMB395.6

million as of December 31, 2019 to RMB854.2 million as of December 31, 2020, primarily due to an increase in trade and other receivables and cash and cash equivalents which was further attributable to the growth of our business and the loans we granted to related parties of RMB300.0 million in 2020. The significant increase in our net current assets from RMB44.3 million as of December 31, 2019 to RMB350.1 million as of December 31, 2020 was mainly caused by the increase in current assets, which was further due to the increased trade and other receivables and increased cash and cash equivalents as a result of our business growth and the loans we granted in 2020 as discussed above. See "Financial Information – Description of Certain Items of Combined Balance Sheets – Trade and Other Receivables and Prepayments" for more details.

Our non-current assets increased from RMB13.1 million as of December 31, 2018 to RMB37.1 million as of December 31, 2019, and further to RMB47.1 million as of December 31, 2020, which was primarily driven by an increase in goodwill arising from our acquisition of certain companies during the Track Record Period and an increase in deferred income tax assets resulting from allowance for impairment losses on trade and other receivables, provision for social insurance and housing fund and recoverable tax losses. Our non-current liabilities increased from RMB5.5 million as of December 31, 2018 to RMB17.8 million as of December 31, 2019, and further to RMB230.2 million December 31, 2020, which mainly due to the increase in bank borrowings. See "Financial Information – Indebtedness" for more details.

Our net assets amounted to RMB31.5 million, RMB63.6 million and RMB167.0 million as of December 31, 2018, 2019 and 2020, respectively. The continued increase in net assets during the Track Record Period was mainly due to (i) the fast growth of our net profit driven by business expansion, and (ii) our acquisition of Zhejiang Lansheng, Luohe Suhe Property, Zhengzhou Jixiang and Zhengzhou Kangqiao Guotou.

During the Track Record Period, our trade receivables turnover days for related parties were significantly longer than those for third parties, because we did not collect payments from our related parties as frequently as we did from third parties, as based on our long-term cooperative relationship with Kangqiao Group and in light of its good credit history, we consider credit risk related to trade receivables due from related parties is low. The credit term we granted to related parties generally ranges from 0 to 180 days during the Track Record Period. We will adopt a more stringent collection policy in respect of trade receivables due from related parties, including, among others, granting related parties shorter credit terms ranging from 0 to 30 days after the Listing. For more details, see "Financial Information – Description of Certain Items of Combined Balance Sheets – Trade and Other Receivables and Prepayments – Trade Receivables".

As of December 31, 2018 and 2019, we had loans to companies controlled by Mr. Song, the ultimate controlling shareholder, of RMB47.0 million and RMB45.0 million, respectively, representing the outstanding balance of loans we granted to Zhengzhou Kangqiao Real Estate Development Co., Ltd. (鄭州康橋房地產開發有限責任公司) and Zhengzhou Xiangxi County Real Estate Co., Ltd. (鄭州香溪郡置業有限公司) for their business operations. As of December 31, 2020, we had loans to companies controlled by Mr. Song of RMB301.6 million, primarily representing the outstanding balance of loans we granted to Zhengzhou Weizhen Health Care Services Co., Ltd. (鄭州唯臻康養服務有限公司) for its development of health care related business. The loans to related parties were fully settled as of April 30, 2021.

During the Track Record Period, all of our loans to related parties arose when Henan Boyuan was the direct parent company of our business prior to the Reorganization. At that time, Henan Boyuan and Mr. Song centralized all the funding needs of the subsidiaries and affiliates, and allocated funds among them based on a centralized fund management mechanism

which could enhance the efficiency of the use of our fund at that time. The foregoing balances were subsequently classified as related party balances of a non-trade nature following the Reorganization. Our Group and Kangqiao Group had discontinued the centralized management mechanism to meet the requirement for financial independence. Our loans to related parties are non-recurring in nature and were financed through financing activities and internal resources. Our loans to related parties were fully settled as of April 30, 2021 and we do not intend to enter into similar arrangements in the future.

Our PRC Legal Adviser advised us that, according to the General Lending Provisions (《貸款通則》), any financing arrangements or lending transactions between non-financial institutions is prohibited, and the PBOC may impose on the non-compliant lender a fine of one to five times the income received by the lender from such loans. Our PRC Legal Adviser further advised that, notwithstanding the General Lending Provisions, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》), the Supreme People's Court recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as such agreements are for business operation purposes and do not fall into certain situations stipulated in the Civil Code of the PRC and the Judicial Interpretations on Private Lending Cases. As advised by our PRC legal advisers, our agreements of the loans to related parties as mentioned above are for business operation purposes, and do not fall into the above-mentioned situations which lead to the invalidation of such loan agreements. As of the Latest Practicable Date, we had not received any notice of claim or were not subject to any investigation or penalty relating to the loans we provided to related parties during the Track Record Period. Therefore, our PRC Legal Adviser is of the view that the risk of us being penalized for the above-mentioned loans is remote.

To illustrate the impact of our loans due from related parties on our profitability and gearing ratio, we also presented adjusted profit and total comprehensive income, adjusted net profit margin and adjusted gearing ratio as additional financial measures ("**Non-HKFRS Measures**"). These Non-HKFRS Measures eliminate the effect of our loans due from related parties, including their impact on income and costs, which are not related to our ordinary course of business and are non-recurring in nature. Our presentation of these Non-HKFRS Measures may not be comparable to similarly titled measures presented by other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

Specifically, we define adjusted profit and total comprehensive income as profit and total comprehensive income for the year excluding income and costs related to loans due from related parties. We define adjusted total equity as total equity excluding income and costs related to loans due from related parties. We define adjusted bank borrowings as sum of long-term and short-term interest-bearing bank borrowings excluding amounts related to loans due from related parties. We calculate adjusted net profit margin by dividing adjusted profit and total comprehensive income for the year by revenue for the same year. We calculate adjusted gearing ratio by dividing adjusted bank borrowings by adjusted total equity as of the respective dates.

The following table reconciles our adjusted profit and total comprehensive income in each year of the Track Record Period presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	Year ended December 31,		
	2018	**2019**	**2020**
		(RMB'000)	
Profit and total comprehensive income for the year	21,707	60,147	91,784
Less:			
– Finance income related to loans due from related parties	3,108	5,022	18,292
Add:			
– Finance costs for providing loans due from related parties	3,164	4,896	15,911
Adjusted profit and total comprehensive income	**21,763**	**60,021**	**89,403**

Our adjusted net profit margin would be 9.5%, 16.5% and 15.5%, respectively, in 2018, 2019 and 2020. The following table reconciles our adjusted total equity as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	As of December 31,		
	2018	**2019**	**2020**
		(RMB'000)	
Total equity	31,496	63,648	167,016
Less:			
– Income and costs related to loans due from related parties	(56)	126	2,381
Adjusted total equity	**31,552**	**63,522**	**164,635**

The following table reconciles our adjusted bank borrowings as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	As of December 31,		
	2018	**2019**	**2020**
		(RMB'000)	
Sum of long-term and short-term interest-bearing bank borrowings	47,000	55,100	346,984
Less:			
– Amounts related to loans due from related parties	47,000	45,000	301,626
Adjusted bank borrowings	**–**	**10,100**	**45,358**

Our adjusted gearing ratio would be nil, 15.9% and 27.6%, respectively, in 2018, 2019 and 2020.

The following table sets forth the impact of loans due from related parties on our net profits, net profit margins and gearing ratios during the Track Record Period after excluding the other income and finance expenses in relation to loans due from related parties from our financial results as of the dates and for the years indicated:

	As of and for the year ended December 31,		
	2018	**2019**	**2020**
	(RMB'000, except for percentages)		
Before adjusting for loans due from related parties:			
Profit and total comprehensive income for the year	21,707	60,147	91,784
Net profit margin	9.5%	16.6%	15.9%
Gearing ratio	149.2%	86.6%	207.8%
After adjusting for loans due from related parties:			
Profit and total comprehensive income for the year	21,763	60,021	89,403
Net profit margin	9.5%	16.5%	15.5%
Gearing ratio	–	15.9%	27.6%

For more details, see "Financial Information – Indebtedness", "Financial Information – Related Party Transactions and Balances", "Risk Factors – Risks Relating to Our Business and Industry – We may be subject to penalties or adverse judicial rulings as a result of making loans to related parties and third parties during the Track Record Period".

Selected Items of Combined Statements of Cash Flows

	For the Year Ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flow before changes in working capital	32,374	85,414	133,579
– Changes in working capital	4,471	(41,654)	(60,081)
– Interest received from bank deposits	1,048	293	414
– PRC enterprise income tax paid	(2,997)	(7,297)	(18,221)
Net cash generated from/(used in) operating activities	34,896	36,756	55,691
Net cash (used in)/generated from investing activities	(82,152)	2,586	(214,417)
Net cash generated from/(used in) financing activities	17,233	(6,424)	236,043
Net (decrease)/increase in cash and cash equivalents	**(30,023)**	**32,918**	**77,317**
Cash and cash equivalents at beginning of the year	54,546	24,523	57,441
Cash and cash equivalents at end of the year	**24,523**	**57,441**	**134,758**

During the Track Record Period, we had net cash flow generated from operating activities of RMB34.9 million, RMB36.8 million and RMB55.7 million for 2018, 2019 and 2020, respectively. We have taken various measures to improve our cash flow position, such as taking efforts to expedite the recovery of our trade receivables and upgrading management systems to control cost and enhance efficiency.

Summary of Key Financial Ratios

	As of or for the year ended December 31,		
	2018	**2019**	**2020**
Current ratio (times)	1.1	1.1	1.7
Gearing ratio (%)	149.2	86.6	207.8
Return on assets (%)	10.8	17.6	13.8
Return on equity (%)	105.7	126.4	79.6
Gross profit margin (%)	23.6	30.6	30.7
Net profit margin (%)	9.5	16.6	15.9

Our gearing ratio decreased from 149.2% as of December 31, 2018 to 86.6% as of December 31, 2019, mainly due to the increased retained earnings as a result of our improved profitability in 2019. Our gearing ratio increased to 207.8% as of December 31, 2020 from 86.6% as of December 31, 2019, primarily due to the increase in our bank borrowings as we obtained a bank borrowing of RMB300.0 million in June 2020. For details, see "Financial Information – Indebtedness – Bank Borrowings."

See "Financial Information – Summary of Key Financial Ratios" for the definition and more analysis of key financial ratios set forth on the table above.

APPLICATION FOR THE OFFER SHARES

The application for the Hong Kong Offer Shares will commence on Tuesday, June 29, 2021 through Friday, July 9, 2021, being longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company after the closing of the application lists and the refund monies, if any, will be returned to the applicants without interest on Thursday, July 15, 2021. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Friday, July 16, 2021.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 175,000,000 Shares are issued in the Global Offering, and (ii) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$2.78 per Offer Share	**Based on an Offer Price of HK$3.88 per Offer Share**
Market capitalization of our Shares	HK$1,946 million	HK$2,716 million
Unaudited pro forma adjusted net tangible asset value per Share[(1)]	HK$0.83	HK$1.10

Note:

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

(2) The unaudited pro forma statement of adjusted net tangible assets has not taken into account the dividend of RMB100,000,000 which was declared by a PRC subsidiary to its then shareholder in January 2021 and the dividends of RMB2,223,000 which were declared by two PRC subsidiaries to non-controlling interests in May and June 2021. Had the dividends been taken into account, the unaudited pro forma adjusted net tangible assets per Share would have been RMB0.55 (HK$0.66) and RMB0.77 (HK$0.92) per Share based on the Offer Price of HK$2.78 and HK$3.88 per Offer Share, respectively.

DIVIDEND AND DISTRIBUTABLE RESERVE

No dividend was declared or paid by our Company since its incorporation and up to the Latest Practicable Date. Dividends of RMB34.0 million were declared by subsidiaries now comprising the Group to their then shareholders in 2019 and settled by cash in December 2020. Dividends of RMB100.0 million were declared by Kangqiao Yueshenghuo, now a subsidiary of our Group, to its then shareholders and settled by cash in January 2021. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. We do not have a predetermined pay-out ratio for dividend distribution. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders. A decision to declare or to pay any dividends as well as the amount of any such dividends will depend on a number of factors, including our earnings, working capital and cash position, financial condition, capital requirements and other factors that our Board may consider important. There can be no assurance that dividends of any amount will be declared or distributed in any year. As of December 31, 2020, our Company had no distributable reserves available for distribution to our Shareholders.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$523.3 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised, assuming an Offer Price of HK$3.33 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 65%, or approximately HK$340.1 million, will be used to pursue selective investment and acquisition opportunities to further develop strategic cooperation and expand our business scale, among which, (i) approximately 50.0% or HK$261.7 million will be used to acquire and invest in other property management companies to enter new cities and diversify our property portfolio. We plan to explore the acquisition or investment target preferably in the first-tier cities, new first-tier cities and second-tier cities in Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta. As advised by CIA, with more than 1,600 players in Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta each with a GFA under management of 1 million sq.m. to 3 million sq.m., there should be a sufficient number of suitable targets available that meet our Company's criteria. Given the availability of suitable target companies and based on our experience in acquisition, the results of our research and assessments, we believe the allocation of HK$261.7 million for such acquisitions is feasible. Many of our peers listed on the Hong Kong Stock Exchange are looking for potential target property management companies in the PRC. We cannot assure you that we will be able to materialize the acquisition plan of targeted property management companies in the PRC. See "Risk Factors – Risks Relating to Our Business and Industry – Our acquisitions or investments may not be successful and we may face difficulties in integrating acquired operations with our existing business, which may have a material adverse effect on our business, financial condition and results of operations" for details; (ii) approximately 10.0% or HK$52.3 million will be used to acquire professional service companies; and (iii) approximately 5.0% or HK$26.2 million will be used to cooperate with local municipal investment companies or

local property developers. As of the Latest Practicable Date, we did not have any investment or acquisition target. When determining the amount of proceeds allocated to strategic investment and acquisition, we mainly consider (a) our revenue and net profit growth target through the acquisition per year, (b) the estimated revenue and net profit contribution of each potential acquisition target, (c) the estimated price-earning ratio, and (d) our criteria for strategic acquisitions and investments;

- approximately 10%, or approximately HK$52.3 million, will be used to invest in intelligent operations and internal management systems to improve service quality and customer experience;

- approximately 15%, or approximately HK$78.5 million, will be used to enrich and expand our service and product offerings to develop our diverse business lines; and

- approximately 10%, or approximately HK$52.3 million, will be used to working capital and other general corporate purposes.

To the extent that the net proceeds from the Global Offering are insufficient to cover the acquisition costs, we intend to fund the shortfall through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. 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 deposit the proceeds into short-term interest-bearing bank accounts with licensed financial institutions. As advised by CIA, our Directors believe there are sufficient number of suitable target companies available in the market for our aforementioned expansion plan. See "Risk Factors – Risks Relating to Our Business and Industry – Our acquisitions or investments may not be successful and we may face difficulties in integrating acquired operations with our existing business, which may have a material adverse effect on our business, financial condition and results of operations" for details.

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

LISTING EXPENSES

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including but not limited to underwriting commissions, is estimated to be RMB49.4 million (based on the mid-point of the indicative Offer Price range, before the exercise of the Over-allotment Option), representing approximately 10.2% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$3.33, being the mid-point of the indicative Offer Price range and before the exercise of the Over-allotment Option), of which RMB18.7 million is expected to be accounted for as a deduction from equity upon completion of the Listing. Approximately RMB6.4 million has been charged to our profit or loss accounts in the combined statements of comprehensive income in 2020, and approximately RMB24.4 million are expected to be charged to our profit or loss account subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors do not expect that our listing expenses will have a material adverse impact on our financial performance for the year ending December 31, 2021.

COMPETITION

In the PRC, the property management market is highly competitive and fragmented. Our property management services primarily compete with large national, regional and local property management companies. Our community value-added services compete with other property management companies and engineering companies that provide similar services. According to CIA, we ranked 37th among the Top 100 Property Management Companies in China in terms of overall strength in 2021. We believe that with our solid experience in

property management services, our reputable brand name and our experienced management team, we are able to respond promptly and effectively to challenges in the PRC property management market. See "Industry Overview" and "Business – Competition" for more details on our competitive landscape.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business continued to grow steadily after the Track Record Period and up to the date of this prospectus. From January 1, 2021 up to Latest Practicable Date, we were newly contracted to manage 34 properties with an aggregated GFA of 4.6 million sq.m. including residential and non-residential properties, and entered into 29 contracts for providing value-added services to non-property owners, which reflect a significant growth compared to the same period in 2020. In particular, from January 1, 2021 up to Latest Practicable Date, we were contracted to manage 29 properties developed by independent third-party property developers with an aggregated contracted GFA of 4.0 million sq.m., and also entered into 25 contracts with independent third-party property developers for offering value-added services to non-property owners with an aggregate contract value of RMB25.4 million. From January 1, 2021 up to Latest Practicable Date, we were contracted to manage five properties developed by Kangqiao Group with an aggregated contracted GFA of 0.6 million sq.m., and also entered into four contracts with Kangqiao Group for offering value-added services to non-property owners. As of the Latest Practicable Date, we had a total of 130 properties under management and 142 properties were contracted to manage but undelivered. As of the Latest Practicable Date, our GFA under management was approximately 17.4 million sq.m., and the contracted but undelivered GFA was approximately 26.2 million sq.m. In January 2021, Kangqiao Yueshenghuo, now a subsidiary of our Group, declared dividends of RMB100.0 million to its then shareholder which were settled by cash in January 2021.

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2020 (being the date to which our Company's latest audited combined financial results were prepared), and there has been no event 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.

COVID-19 Outbreak

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was reported in December 2019 and continues to expand globally. The outbreak of the COVID-19 pandemic is likely to have an adverse impact on the livelihood of people around the world and on the global economy.

To the best of our Directors' knowledge, since the outbreak of COVID-19 and up to the Latest Practicable Date, there had been no reported cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC. Neither had we encountered any material disruption to the services provided by our subcontractors and utilities service providers, or the supply of materials from our suppliers.

We are of the view that the outbreak of COVID-19 has not had a material adverse impact on our continuing business operation and sustainability, and our GFA under management and contracted GFA continued to grow as of December 31, 2020 as compared to December 31, 2019.

Since the outbreak of COVID-19 epidemic and up to the Latest Practicable Date, approximately 13 projects with an aggregated contracted GFA of 2.5 million sq.m. that were contracted to us for property management services experienced certain delays in delivery ranging from two to nine months from their originally planned delivery date due to the impact of COVID-19 epidemic, out of which, ten projects with an aggregated contracted GFA of 1.6 million sq.m. been delivered for management as of May 31, 2021. The remaining three projects had not been delivered as of May 31, 2021, out of which, (i) two projects were delayed due to change of its property developer or change of shareholders of the relevant property developer, and both projects are expected to be delivered in November 2021, and (ii) the other one was delayed due to its relatively slow construction progress and is expected to be delivered in October 2021. We estimate that assuming the delivery of the aforesaid 13 projects is not

delayed due to the impact of COVID-19 epidemic, our revenue in 2020 would further increase by approximately RMB1.4 million compared to the actual revenue generated in 2020. Our Directors consider the financial impact from the delays in project delivery on us to be immaterial, particularly in light of the facts that such delayed projects only represented a small portion of the total contracted but undelivered GFA as of the Latest Practicable Date and the increases in our GFA under management, revenue and gross profit due to the continued business expansion despite any negative effects from the COVID-19 outbreak.

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 certain of services such as sales office management service, property agency services, construction site management services, decoration and move-in furnishing were affected. In particular, our sales office management services were affected by closure of sales site during the period shortly after the outbreak of COVID-19 pandemic, as a result of which, our revenue from sales office management services in February 2020 decreased by RMB1.1 million compared to that in January 2020. Our sales agency services in relation to second-hand properties were also affected by closure of certain sales centers shortly after the outbreak of COVID-19 pandemic, which resulted in a decrease of RMB0.4 million in the revenue from sales agency services related to second-hand properties in February 2020 compared to that in January 2020. However, the quarantine or 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 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. See "Business – Effect of the COVID-19 Pandemic" for more details relating to the impact of COVID-19 on our business.

In response to the COVID-19 pandemic, we have adopted various hygiene and precautionary measures across the properties under our management since late January 2020. See "Business – Effect of the COVID-19 Pandemic." As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced hygiene and precautionary measures of approximately RMB1.2 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.

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 – Effect of the COVID-19 Pandemic" and "Risk Factors – Risks Relating to Our Business and Industry – We face certain risks associated with the outbreak of COVID-19." Our Directors confirm that the outbreak of COVID-19 has not had a material adverse impact on our continuing business operation and sustainability based on the following reasons: (i) the property management industry is an industry involving community necessities services and our employees and workers of our sub-contractors did not experience material disruption in performing their job duty during the outbreak of the disease; (ii) we are able to fulfill our obligations under all existing property management service contracts and other business contracts; (iii) the delivery date of the pipeline properties developed by Kangqiao Group was not, or is not expected to be, materially delayed; and (iv) our Group has sufficient cash and cash equivalents to maintain our operation.

Based on a sensitivity analysis conducted by us assuming the worst case scenario of COVID-19 outbreak which is hypothetical in nature and for illustration purposes only, we would have sufficient cash flow for our business to remain financially viable for at least 12 months subsequent to the Latest Practicable Date, assuming and/or taking into account the following in which we:

- cease our business operations of all value-added services subsequent to the Latest Practicable Date with no revenue from value-added services so that the only revenue source is from traditional property management services;

- incur minimum operating expenses whereby (i) the monthly staff cost is based on the minimum wage level required by local laws and regulations in the PRC without layoffs of employees subsequent to the Latest Practicable Date, and (ii) the monthly rent for offices and staff dormitories being kept the same as at the Latest Practicable Date;
- prudent estimates of settlement of trade receivables based on historical settlement pattern and settlement of trade payables when they are due for payment;
- have the cash and cash equivalents as at the Latest Practicable Date to start with;
- use 10% of the net proceeds from the Global Offering for general working capital; and
- obtain social security and housing provident fund reductions offered by the government and deferred payment of tax.

We believe that the probability of the above extreme scenario is remote. From the actual situation of prevention and control of the COVID-19 epidemic in the PRC, the COVID-19 epidemic had been effectively controlled by the government, and the PRC property market has gradually recovered since April 2020, and the sales office management services, pre-delivery services and construction site management have resumed as normal.

NON-COMPLIANCE MATTERS

During the Track Record Period, we experienced certain incidents of non-compliances, including (i) failure to make full contribution to the social insurance and housing provident funds for some employees as required under PRC laws and regulations, (ii) the number of dispatched staff engaged exceeding regulatory threshold, (iii) failure to register certain lease agreements, and (iv) provision of interest-bearing loans to related parties and third parties. See "Business – Legal Proceedings and Compliance – Compliance – Non-compliance Incidents" for details.

RISK FACTORS

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

Some of the risks generally associated with our business and industry include the following: (i) our future growth may not materialize as planned and our historical results may not be indicative of our future prospects and results of operations; (ii) termination or non-renewal of our preliminary property management service contracts or property management service contracts could have a material adverse effect on our business, financial condition and results of operations; (iii) a large portion of our revenue is generated from property management services we provide to projects developed by Kangqiao Group; (iv) increase in labor costs and sub-contracting costs could slow our growth, harm our business and reduce our profitability; (v) we rely on sub-contractors and other suppliers to perform some of our services to customers, and we may be exposed to liabilities arising from or relating to disputes and claims in relation to products and services provided by our sub-contractors and other suppliers; (vi) our acquisitions or investments may not be successful and we may face difficulties in integrating acquired operations with our existing business, which may have a material adverse effect on our business, financial condition and results of operations.

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

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Accountant's Report"	the accountant's report prepared by the Reporting Accountant, the text of which is set out in Appendix I to this prospectus
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) or **GREEN** Application Form(s), individually or collectively, as the context so requires, which is used in relation to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on June 17, 2021 with effect from the Listing Date, as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Beijing Tongdao"	Beijing Tongdao Shenghe Investment Co., Ltd. (北京同道聖合投資有限公司), a company established in the PRC with limited liability on May 10, 2010 which is beneficially-wholly owned by Mr. Song
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands

"Capitalization Issue"	the issue and allotment of 524,999,800 Shares to our Shareholders to be made upon the capitalization of part of the sum standing to the credit of the share premium account of our Company upon completion of the Global Offering. For detail, see "History, Reorganization and Group Structure – Capitalization Issue"
"Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented, or otherwise modified 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 a 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
"Central China"	a region in the PRC covering Henan Province, Hunan Province, Hubei Province
"China" or "the PRC"	the People's Republic of China, and for the purposes of this prospectus only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Regions of the People's Republic of China and Taiwan
"China Index Academy" or "CIA"	China Index Academy (中國指數研究院)

"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", "our Company" or "the Company"	Kangqiao Service Group Limited (康橋悦生活集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on October 8, 2020
"Company Law"or "PRC Company Law"	Company Law of the PRC, as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and entered into force on January 1, 2006, and further amended on December 28, 2013 and October 26, 2018, as amended, supplemented and otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Song Gewei (宋革委), Hung Fai Property Limited and Kangqiaoyue Shenghuo Holdings Limited (康橋悦生活控股有限公司) or all of which are a group of Controlling Shareholders
"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 Virus

"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the national securities market in China
"Deed of Indemnity"	the deed of indemnity dated June 17, 2021 made by Song Gewei (宋革委), Hung Fai Property Limited and Kangqiaoyue Shenghuo Holdings Limited (康橋悦生活控股有限公司) in favor of Kangqiao Service Group Limited (康橋悦生活集團有限公司) (for itself and as trustee for the benefit of each of its subsidiaries from time to time) to provide certain indemnities, particulars of which are set out in "Appendix IV – Statutory and General Information – D. Other Information – 2. Tax and Other Indemnity" to this prospectus
"Deed of Non-competition"	the deed of non-competition undertakings dated June 17, 2021 and executed by Song Gewei (宋革委), Hung Fai Property Limited and Kangqiaoyue Shenghuo Holdings Limited (康橋悦生活控股有限公司) in favor of Kangqiao Service Group Limited (康橋悦生活集團有限公司) (for itself and as trustee for the benefit of each of its subsidiaries from time to time), details of which are set out in the section headed "Relationship with our Controlling Shareholders – Non-competition Undertakings" in this prospectus
"Director(s)"	the director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time
"Eternity Trust"	a discretionary family trust established by Mr. Song on November 10, 2020 as settlor for the benefits of his family members and Kangqiao Taichen BVI, of which Trident Trust Company (South Dakota) Inc. is the trustee
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

"Friend Holdings"	Friend Holdings Limited (弗侖德控股有限公司), a company established in the BVI with limited liability on March 6, 2020 and a wholly-owned subsidiary of our Company
"GDP"	gross domestic product
"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", "us" or "our"	our Company and its subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Hebi Kangqiao Property"	Hebi Kangqiao Property Service Co., Ltd. (鶴壁市康橋物業服務有限公司), a company established in the PRC with limited liability on September 9, 2020, the equity interest of which is held as to 51% by Henan Kangqiao Property, an indirect wholly-owned subsidiary of our Company, as to 34% by Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司) and as to 15% by Hebi Jinda Tongfang Technology Co, Ltd. (鶴壁金達同方科技有限公司), both being Independent Third Parties
"Henan Boyuan"	Henan Boyuan Quanjing Enterprise Consulting Co., Ltd. (河南博遠全景企業管理諮詢有限公司), a company established in the PRC with limited liability on April 19, 2017 and beneficially-wholly owned by Mr. Song
"Henan Kangjia Junpinle"	Henan Kangjia Junpinle Catering Service Co., Ltd. (河南康家君品樂餐飲服務有限公司), a company established in the PRC with limited liability on May 17, 2017 and an indirect wholly-owned subsidiary of our Company

"Henan Kangqiao Aosheng"	Henan Kangqiao Aosheng Property Service Co., Ltd. (河南康橋奧勝物業服務有限公司), a company established in the PRC with limited liability on December 3, 2020, the equity interest of which is held as to 65% by Henan Kangqiao Property, an indirect wholly-owned subsidiary of our Company and as to 35% by Tianjin Aosheng Hospital Management Co., Ltd. (天津奧勝醫院管理有限公司), an Independent Third Party
"Henan Kangqiao Jiahe"	Henan Kangqiao Jiahe Property Service Co., Ltd. (河南康橋嘉和物業服務有限公司), a company established in the PRC with limited liability on December 25, 2017, the equity interest of which is held as to 60% by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company and as to 40% by Changyuan Jiahe County Property Management Co., Ltd. (長垣市嘉和物業管理有限公司), an Independent Third Party
"Henan Kangqiao Property"	Henan Kangqiao Property Service Co., Ltd. (河南康橋物業服務有限公司), a company established in the PRC with limited liability on July 28, 2020 and an indirect wholly-owned subsidiary of our Company
"Henan Kangqiao Yuejin"	Henan Kangqiao Yuejin Property Service Co., Ltd (河南康橋悦錦物業服務有限公司), a company established in the PRC with limited liability on June 10, 2020, the equity interest of which is held as to 70% by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company and as to 30% by Mr. Qi Xinqiang (齊新強), an Independent Third Party
"Henan Kangqiao Yueshenghuo"	Henan Kangqiao Yueshenghuo Business Service Co., Ltd. (河南康橋悦生活商務服務有限公司), a company established in the PRC with limited liability on December 1, 2020 and an indirect wholly-owned subsidiary and intermediate holding company of our Group in the PRC

"Henan Kangqiao Zhufu"	Henan Kangqiao Zhufu Property Service Co., Ltd. (河南康橋祝福物業服務有限公司), a company established in the PRC with limited liability on September 2, 2019, the equity interest of which is held as to 60% by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company and as to 40% by Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司), an Independent Third Party
"Henan Kangqiao Zhuyou"	Henan Kangqiao Zhuyou Property Service Co., Ltd. (河南康橋住友物業服務有限公司), a company established in the PRC with limited liability on August 26, 2020, the equity interest of which is held as to 67% by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company and as to 33% by Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司), an Independent Third Party
"Henan Kangyun Youxuan"	Henan Kangyun Youxuan Business Management Co., Ltd. (河南康雲優選商業管理有限公司), a company established in the PRC with limited liability on September 24, 2019 and an indirect wholly-owned subsidiary of our Company
"Henan Yuequ Internet"	Henan Yuequ Internet Technology Co., Ltd. (河南悦趣網絡科技有限公司), a company established in the PRC with limited liability on July 29, 2020 and an indirect wholly-owned subsidiary of our Company
"Henan Yuxi"	Henan Yuxi Real Estate Marketing Planning Co., Ltd. (河南予禧房地產營銷策劃有限公司), a company established in the PRC with limited liability on March 14, 2018 and an indirect wholly-owned subsidiary of our Company
"HKAS(s)"	Hong Kong Accounting Standards
"HKFRS(s)"	Hong Kong Financial Reporting Standards 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 dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Kangqiao"	Hong Kong Kangqiao Service Group Limited (香港康橋悦服務集團有限公司), a company established in Hong Kong with limited liability on November 6, 2020 and an indirect wholly-owned subsidiary of our Company
"Hong Kong Offer Shares"	the 17,500,000 Shares initially being offered by the Company for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "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%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described and the Application Forms, as further described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "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, among others, our Company, our Controlling Shareholders, the Sole Sponsor and the Hong Kong Underwriters, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement" in this prospectus
"Independent Third Party" or "Independent Third Parties"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons or their respective associates within the meaning ascribed thereto under the Listing Rules
"International Offer Shares"	the 157,500,000 Shares initially being offered by the Company for subscription in the International Offering together with, where relevant, any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering, who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the International Underwriters on or about the Price Determination Date, as further described in the section headed "Underwriting – the International Offering – International Underwriting Agreement" in this prospectus

"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Kangqiao Education Technology"	Shenzhen Kangqiao Education Technology Co., Ltd. (深圳康橋教育科技有限公司), a company established in the PRC with limited liability on October 15, 2015 indirectly held by Mr. Song.
"Kangqiao Group"	Henan Boyuan and its subsidiaries, a diversified enterprise group which principally engages in the PRC real estate, education, agent construction and culture and tourism, including Kangqiao Properties Group
"Kangqiao Properties Group"	Beijing Tongdao and its subsidiaries, a leading comprehensive property developer operating in the PRC
"Kangqiao Taichen"	Henan Kangqiao Taichen Property Management Co., Ltd. (河南康橋泰宸物業管理有限公司), a company established in the PRC with limited liability on September 24, 2019 and an indirect wholly-owned subsidiary of our Company
"Kangqiao Taichen BVI"	Kangqiao Taichen Holdings Limited (康橋泰宸控股有限公司), a company established in the BVI with limited liability on September 28, 2020 wholly owned by Mr. Song
"Kangqiao Technology Service"	Kangqiao Technology Service Group Co., Ltd (康橋科技服務集團有限公司), a company established in the PRC with limited liability on February 25, 2020 and an indirect wholly-owned subsidiary of our Company

"Kangqiao Yueshenghuo"	Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司) (formerly known as Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司), Henan Taipingshijia Property Service Co., Ltd. (河南太平世家物業服務有限公司) and Henan Great Wall Hotel Property Service Co., Ltd. (河南長城飯店物業服務有限責任公司)), a company established in the PRC with limited liability on August 31, 2007, which is owned by Henan Kangqiao Yueshenghuo and Keanda Holdings, as to 95% and 5%, respectively, both being indirect wholly-owned subsidiaries of our Company
"Kangqiaoyue Service"	Kangqiaoyue Service Holdings Limited, a company established in the BVI with limited liability on October 15, 2020, a direct wholly-owned subsidiary of our Company
"Kangqiaoyue Shenghuo BVI"	Kangqiaoyue Shenghuo Holdings Limited (康橋悅生活控股有限公司), a company established in the BVI with limited liability on September 29, 2020 and a wholly-owned subsidiary of Hung Fai Property Limited, being one of our Controlling Shareholders
"Keanda Holdings"	Keanda Holdings Limited (科安達有限公司), a company established in Hong Kong with limited liability on May 11, 2020 and an indirect wholly-owned subsidiary of our Company
"Latest Practicable Date"	June 21, 2021, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Friday, July 16, 2021, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Luohe Kangqiao Yuechang"	Luohe Kangqiao Yuechang Property Management Co., Ltd. (漯河市康橋悦昌物業管理有限公司), a company established in the PRC with limited liability on September 11, 2020, the equity interest of which is held as to 51% by Henan Kangqiao Property, an indirect wholly-owned subsidiary of our Company, as to 29% by Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司) and as to 20% by Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司), both being Independent Third Parties
"Luohe Suhe Property"	Luohe Suhe Property Service Co., Ltd. (漯河市蘇荷物業服務有限公司), a company established in the PRC with limited liability on November 22, 2013, the equity interest of which is held as to 51% by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company and as to 49% by Luohe Suhe Industry Group Co., Ltd. (漯河蘇荷實業集團有限公司), an Independent Third Party
"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 operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted on June 17, 2021, with effect from the Listing Date (as amended from time to time), a summary of which is set out in Appendix III to this prospectus

"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD" or "Ministry of Construction"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
"Mr. Song"	Mr. Song Gewei (宋革委), chairman and non-executive Director of our Group, and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEEQ"	the National Equities Exchange and Quotations Co., Ltd., a PRC over-the-counter system for trading shares of public companies
"New Hefeng"	New Hefeng Holdings Limited (新禾豐控股有限公司), a company established in the BVI with limited liability on March 4, 2020 and wholly-owned by Dr. Zhang Rulin (張儒林), an Independent Third Party and the Pre-IPO Investor
"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 offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as further described in the section headed "Structure of the Global Offering – Pricing and Allocation" in this prospectus

"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 26,250,000 additional Shares (representing not more than 15% of the total number of Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering – the International Offering – Over-allotment Option" in this prospectus
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	Jingtian & Gongcheng, our legal adviser on PRC law
"Pre-IPO Investment(s)"	the investments in the Company undertaken by the Pre-IPO Investor prior to the Global Offering, the details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus
"Pre-IPO Investor"	New Hefeng
"Price Determination Agreement"	the agreement to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date, expected to be on or about Friday, July 9, 2021 and in any event no later than Wednesday, July 14, 2021, on which the Offer Price is to be fixed by an agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)
"Puyang Junyang Property"	Puyang Junyang Property Service Co., Ltd. (濮陽市君陽物業服務有限公司), a company established in the PRC with limited liability on November 13, 2015, the equity interest of which is held as to 70% by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company and as to 30% by Mr. Li Zhijun (李志軍), an Independent Third Party
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Reorganization"	the reorganization of the Group in preparation of the Listing, details of which are set out in the section headed "History, Reorganization and Group Structure" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局), formerly State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SCNPC"	the Standing Committee of the NPC
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company, currently with a par value of HK$0.01 each
"Shareholder(s)"	holder(s) of our Share(s)
"Shenzhen Kangqiao"	Shenzhen Kangqiao Industry Co., Ltd. (深圳康橋產業有限公司), a company established in the PRC with limited liability on April 24, 2018, which is beneficially-wholly owned by Mr. Song
"Sole Global Coordinator"	CCB International Capital Limited (建銀國際金融有限公司)
"Sole Sponsor"	CCB International Capital Limited (建銀國際金融有限公司)
"Stabilizing Manager"	CCB International Capital Limited (建銀國際金融有限公司)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the agreement expected to be entered into on or about the Price Determination Date by Kangqiaoyue Shenghuo BVI and the Stabilization Manager in respect of the lending and borrowing of up to 26,250,000 Shares
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the 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", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**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
"**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 Lansheng"	Zhejiang Lansheng Property Service Co., Ltd (浙江藍盛物業服務有限公司), a company established in the PRC with limited liability on February 7, 2012, the equity interest of which is held as to 51% by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company, as to 44% by Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司), an independent third party except being substantial shareholder of Zhejiang Lansheng, and as to 5% by Mr. Li Lei (李磊), an Independent Third Party

"Zhengzhou Jixiang"	Zhengzhou Jixiang Property Management Co., Ltd. (鄭州吉祥物業管理有限責任公司), a company established in the PRC with limited liability on October 23, 2001, which is owned by Kangyqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company, and Zhengzhou Gas Property Development Co., Ltd. (鄭州燃氣房地產開發有限公司), an Independent Third Party, as to 51% and 49%, respectively
"Zhengzhou Kangqiao Guotou"	Zhengzhou Kangqiao Guotou Technology Industry Service Co., Ltd. (鄭州康僑國投科技產業服務有限公司) (formerly known as Zhengzhou Zhengran Property Management Co., Ltd. (鄭州鄭燃物業管理有限公司)), a company established in the PRC with limited liability on June 10, 2002, which is owned by Kangqiao Yueshenghuo, an indirect wholly-owned subsidiary of our Company, and Zhengzhou Guotou Property Development Co., Ltd. (鄭州國投置業有限公司), an Independent Third Party, as to approximately 51% and 49%, respectively
"%"	per cent

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.

For easy reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both Chinese and English languages. In the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purposes only.

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

This glossary of technical terms contains terms used in this prospectus in connection with our Company 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"	weighted average property management fee(s) charged per sq.m. per month with reference to revenue-bearing GFA of the relevant property management projects as at a relevant date excluding package price projects
"CAGR"	compound annual growth rate
"commercial property"	buildings intended to generate a profit, either from capital gain or rental income, for residential or commercial use
"commission basis"	a revenue generating model for our property management business line whereby our fee income from property management consists only a specified percentage of the total management fees payable by the property owners or property developers while the remainder of such management fees would be used to procure services to the property from other service providers
"common area" or "communal area"	common areas in properties, such as lobbies, hallways, outdoor open spaces, stairways, car parks, public parking lots and elevators and gardens
"contracted GFA"	GFA managed/to be managed by the Company under operating property management service agreements, which includes both GFA under management and GFA yet to be managed by the Company
"GFA"	gross floor area
"GFA under management"	GFA managed by our Company under operating property management service agreements
"Internet of Things"	a network of physical objects or items embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data
"ISO"	The International Organization of Standardization, world-wide federation of rational standard system

"lump sum basis"	a revenue generating model for our property management business line whereby we charge a pre-determined property management price per GFA 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 teams and subcontractors
"package price projects"	property management projects for which we charge a package price on a per project basis without reference to any GFA
"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 properties"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"revenue-bearing GFA"	the GFA under management with reference to which we charge property management fees, which excludes (i) the GFA under management of certain common areas, such as facility rooms, management offices, club houses and swimming pools, and (ii) the GFA under management of package price projects
"sq.m."	the measurement unit of square meters
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall competitiveness published by CIA based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility which comprised 200, 200, 220, 244 and 264 such companies, respectively, for 2017, 2018, 2019, 2020 and 2021, where the number of companies for each of 2017, 2018, 2019, 2020 and 2021 exceeded 100 as multiple companies with very close scores were assigned the same ranking
"VAT"	value-added tax

We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not materialize or may change. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Some of the risks and uncertainties are listed in the section headed "Risk Factors" and elsewhere in this prospectus. In some case, you can identify these forward-looking statements by words or phrases such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "going forwards", "intend", "may", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" or similar expressions, or their negatives. These forward-looking statements include, but are not limited to, the following:

- our future business development, financial condition and results of operations;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the industry and in markets in which we operate;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- the effects of the global financial markets and economic crisis;
- our ability to identify and integrate suitable acquisition targets;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- exchange rate fluctuations and restrictions;
- the actions and developments of our competitors; and
- risks identified under the section headed "Risk Factors" of this prospectus.

This prospectus also contains market data and projections 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 out in the section headed "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 and 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 Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our combined financial statements and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial conditions 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. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth may not materialize as planned and our historical results may not be indicative of our future prospects and results of operations.

We have successfully expanded our business and experienced fast growth in revenue and profit during the Track Record Period. The total GFA under our management increased from approximately 8.7 million sq.m. as of December 31, 2018 to approximately 12.2 million sq.m. as of December 31, 2019, which further increased to 15.7 million sq.m. as of December 31, 2020. During the Track Record Period, our revenue amounted to RMB228.9 million, RMB362.8 million and RMB575.6 million, respectively, in 2018 and 2019 and 2020, and our gross profit was RMB54.0 million, RMB111.0 million and RMB176.5 million, respectively, during the same periods. Our overall gross profit margin experienced a continued growth, which amounted to 23.6%, 30.6% and 30.7% in 2018, 2019 and 2020, respectively. For details, please see "Financial Information – Description of Certain Combined Statements of Comprehensive Income Items – Gross Profit and Gross Profit Margin."

We have been expanding our property management portfolio primarily through securing new property management engagements and, to a lesser extent, strategically acquiring property management companies with attractive property management portfolio. We seek to continue to grow our property management portfolio. However, there is no assurance that we can grow our property management portfolio as planned. Our growth may be affected by a number of factors beyond our control, such as China's general economic condition, developments in the real estate market, supply and demand dynamics of the property management industry and our ability to obtain sufficient financing for our growth. In addition, our future growth depends on our management's ability to improve our operational and financial conditions. Our ability to grow also depends on our ability to successfully hire, train, manage additional employees, manage and cultivate our relationships with a growing number of customers, sub-contractors, suppliers and other business partners. In circumstances where we expand into a new market, we may have limited knowledge of the local property management service market, which could be substantially different from those in our established markets. We may not have established

relationships with local sub-contractors, suppliers and other business partners as we do in our established markets. We may be unable to leverage our brand equity in a new market as we have done so in our established markets, and may face intense competition from the local property management companies. Our overall gross profit margin may fluctuate as we manage more properties developed by third-party property developers. During the Track Record Period, the property management fees for properties developed by third-party property developers were relatively lower than that of properties developed by Kangqiao Group. For details, see "Financial Information – Description of Certain Combined Statements of Comprehensive Income Items – Gross Profit and Gross Profit Margin – Property Management Services". We have adopted and will continue to adopt measures to reduce our reliance on the properties developed by Kangqiao Group, as such, our gross profit margin may fluctuate in the future. We may, from time to time, operate our business through cooperation with third parties in the future which may affect our gross profit margin. Furthermore, there is no guarantee that we will be able to control or reduce our cost and expenses or improve our cost efficiency and accordingly, our gross profit margin. Any of the foregoing will defer us from growing our property management portfolio as planned, which may have a material adverse effect on our business, financial condition and results of operations.

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

Revenue from our property management services amounted to RMB132.6 million, RMB176.8 million and RMB255.0 million, representing approximately 57.9%, 48.7%, and 44.3% of our total revenue in 2018, 2019 and 2020, respectively. Our property management services for residential properties are primarily provided in accordance with preliminary property management service contracts we enter into with property developers or property management service contracts we enter into with the property owners' associations. As of December 31, 2018, 2019 and 2020, the GFA under our management in relation to the property management agreements with property developers accounted for approximately 83.5%, 87.9% and 88.7%, respectively, of the total GFA of properties under our management, and the GFA under our management in relation to the property management agreements with property owners accounted for approximately 15.0%, 11.0% and 9.8%, respectively, of the total GFA of properties under our management. In addition, as of December 31, 2018, 2019 and 2020, one, one and two communities under our management had established property owners' associations, respectively, and the GFA under our management amounted to 0.1 million sq.m., 0.1 million sq.m. and 0.2 million sq.m., accounting for approximately 1.4%, 1.1% and 1.6%, respectively, of the total GFA of properties under our management. During the same period, the renewal rate in relation to the agreements with property developers was 100.0%, 100.0% and 87.5%, respectively. In 2019 and 2020, the renewal rate in relation to the agreements with property owners and others, mainly including schools, local government and hospital, was 50.0% and 100.0% (excluding 4 contracts which we chose not to renew voluntarily), respectively. In 2018, the renewal rate was not applicable since we didn't have expired property management agreements with property owners and others in that year. The renewal rate in relation to the agreements with property owners' associations was nil in 2018, as we

chose not to renew the only one expired project which incurred gross loss in 2018. We didn't have expired property management agreements with property owners' associations in 2019 and 2020. Our preliminary property management service contracts typically will terminate when the property owners' association is formed and a new property management contract is entered into. There is no assurance that the relevant property owners' associations will decide to enter into property management service contracts with us instead of other property management companies. For more information, please see "Business – Property Management Services – Property Management Service Agreements". There is no assurance that such contracts will not be terminated prior to the expiration or renewed upon expiration. In the event of such terminations or non-renewals, our business, results of operations and financial condition could be materially and adversely affected. Furthermore, the growth of our community value-added services depends in part on the number of communities we manage under our property management services. As a result, terminations or non-renewals of our preliminary property management service contracts or property management service contracts could also adversely affect the performance of our community value-added services.

A large portion of our revenue is generated from property management services we provide to projects developed by Kangqiao Group.

A significant portion of our property management service contracts during the Track Record Period were related to the management of properties developed by Kangqiao Group. As of December 31, 2018, 2019 and 2020, properties developed by Kangqiao Group accounted for 37.8%, 39.9% and 37.5%, respectively, of our total GFA under management.

During the Track Record Period, the revenue generated from our property management services on properties developed by Kangqiao Group was RMB71.0 million, RMB91.2 million and RMB127.9 million in 2018, 2019 and 2020, respectively, representing 53.5%, 51.5% and 50.2% of our total revenue arising from property management services in the same years, respectively.

During the Track Record Period, the revenue generated from our property management services provided to Kangqiao Group amounted to RMB7.2 million, RMB14.5 million and RMB16.8 million in 2018, 2019 and 2020, respectively, representing 5.5%, 8.2% and 6.6% of our total revenue arising from property management services in the same years, respectively. We also provided value-added services to Kangqiao Group and its joint ventures and associates, including value-added services to non-property owners and community value-added services, which contributed the revenue of RMB56.5 million, RMB113.3 million and RMB215.2 million in 2018, 2019 and 2020, respectively. Therefore, the aggregated revenue contributed by Kangqiao Group and its joint ventures and associates amounted to RMB63.8 million, RMB127.8 million and RMB231.9 million in 2018, 2019 and 2020, respectively, accounting for representing 27.9%, 35.2% and 40.3% of our total revenue in the same years, respectively. We cannot assure you that Kangqiao Group will actually engage us as their property management service provider or prioritize us when selecting their future property management service provider for any property they develop, particularly because the appointment of property management companies is generally subject to a tender process under

PRC laws. However, we do not have control over the management strategy of Kangqiao Group, nor the macroeconomic or other factors that affect their business operations and financial positions. Any adverse development in the operations of Kangqiao Group or its ability to develop new properties may affect our ability to procure new property management service contracts. If we are not able to maintain the number of our managed properties developed by Kangqiao Group, our results of operations and growth prospects may be materially and adversely affected.

Our business and financial performance may be adversely affected by increase in employee benefit expenses and labor costs, sub-contracting costs and our provision of property management services on a lump sum basis.

Employee benefit expenses and labor costs included in cost of sales amounted to RMB123.0 million, RMB167.1 million and RMB244.0 million, representing the largest component of our cost of sales and accounted for approximately 70.2%, 66.3% and 61.1% of our cost of sales in, 2018, 2019 and 2020, respectively. In addition, we outsourced certain functions, such as cleaning, greening and security services, to sub-contractors. In 2018, 2019 and 2020, our sub-contracting costs amounted to RMB11.6 million, RMB33.6 million, and RMB91.3 million, respectively, representing approximately 6.7%, 13.4%, and 22.9% of our cost of sales, respectively. To maintain and improve our profitability, it is important for us to control and manage our employee benefit expenses and labor costs as well as sub-contracting costs. However, we face rising pressures in relation to employee benefit expenses and labor costs as well as sub-contracting costs from various aspects. The general level of compensation in the regions where we operate has been increasing in recent years, resulting in upward pressure on our employee benefit expenses and labor costs and the fees we pay to our sub-contractors.

In addition, during the Track Record Period and up to the Latest Practicable Date, we mainly charged our property management fees on a lump sum basis, under which we retained all the property management fees we collected, but we also bore all the expenses associated with providing our property management services, including employee benefit expenses and labor costs as well as sub-contracting costs. In the event that the property management fees we collect are insufficient to cover all the management expenses incurred, we may be unable to collect the shortfall from property developers and owners. During the Track Record Period, we incurred gross loss in an aggregate amount of approximately RMB0.6 million, RMB0.5 million and RMB0.5 million, respectively, with respect to certain projects, respectively. Since such number and loss amount were relatively small compared with our business scale, we consider that we have not experienced any material loss-making contracts under the lump sum basis during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that our existing property management service contracts will generate revenue as expected and we may continue to suffer losses in the future, which could result in a material adverse effect on our profitability, financial condition and results of operations.

As we continue to expand our operations, we also expect to increase our total headcount by retaining and continuously recruiting qualified employees. The competition for recruiting qualified employees in the Chinese property management industry is intense and could require us to pay higher wages in our recruitment and employee retention efforts, resulting in an increase in our employee benefit expenses and labor costs as well as sub-contracting costs. Any future inability to recruit and retain qualified employees and sub-contractors may also delay the growth in our property management portfolio, and could also materially and adversely impact our property management operations at our existing property management portfolio.

We rely on sub-contractors and other suppliers to perform some of our services to customers, and we may be exposed to liabilities arising from or relating to disputes and claims in relation to products and services provided by our sub-contractors and other suppliers.

We rely on sub-contractors to perform some services, primarily including sales agency, cleaning, greening, security, maintenance and customer services. In 2018, 2019 and 2020, our sub-contracting costs amounted to RMB11.6 million, RMB33.6 million, and RMB91.3 million, respectively, representing approximately 6.7%, 13.4%, and 22.9% of our cost of sales, respectively. We may not be able to monitor such services as directly and efficiently as with our own services. Sub-contractors may take actions contrary to our instructions or requests, or be unable or unwilling to fulfill their obligations in accordance with the sub-contracting agreements. For example, if our sub-contractors fail to provide safe working environment to the staffs and result in work injuries, this would prevent them from providing the contracted services and we may need to pay compensation to the staffs. The substandard services provided by our sub-contractors could damage our reputation, result in additional expenses and business disruptions and potentially expose us to litigation and damage claims from our customers. In addition, we could also be required to indemnify customers for work performed by our sub-contractors. Though we may be able to recover such amounts from the sub-contractor pursuant to the sub-contracting agreement, there is no guarantee that we will be able to do so. In addition, when our existing sub-contracting agreements expire, there can be no assurance that we will be able to renew such agreements or find suitable replacements in a timely manner, on terms favorable to us, or at all. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial condition and results of operations.

Moreover, for the community value-added services we provide, we may become, or may be joined as, a defendant in litigation or other proceedings brought against merchants that sell community products or services by purchasers or users of their products and services, government authorities or other third parties. These proceedings could involve claims alleging, among other things, the failure of products and services provided by such suppliers and merchants to conform to required quality standards, false or misleading representations made by such suppliers and merchants in relation to the products and services provided, property damage or personal injuries arising from the products and services provided by such suppliers and merchants and infringement of third parties' intellectual property rights by such suppliers and merchants in connection with the products and services provided. We may be required to

pay damages as a result of such litigation or other proceedings. We may also be subject to administrative fines and ordered to cease sales of the relevant products and services. In the event of serious offenses, our business license may be suspended or revoked, and we may be investigated or even prosecuted under PRC criminal laws. Although our agreements with the suppliers and merchants provide that they will indemnify us for any liability attributable to their own or their employees' conduct, we may not be able to effectively enforce or collect under such contractual obligations. Any of the foregoing events could materially affect the operation of our community value-added services, harm our brand and reputation, divert our management's attention and other resources and have a material adverse effect on our business, financial condition and results of operations.

Our acquisitions or investments may not be successful and we may face difficulties in integrating acquired operations with our existing business, which may have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period, we acquired 51% of the equity interest in Zhejiang Lansheng in 2019, and also acquired 51% of the equity interest in Luohe Suhe Property, Zhengzhou Jixiang and Zhengzhou Kangqiao Guotou in 2020. As of December 31, 2020, the aggregated contracted GFA and GFA under management derived from Zhejiang Lansheng, Luohe Suhe Property, Zhengzhou Jixiang and Zhengzhou Kangqiao Guotou was 2.9 million sq.m. and 1.4 million sq.m., respectively. In 2019 and 2020, the revenue contributed by Zhejiang Lansheng amounted to RMB0.5 million and RMB23.4 million, respectively. In 2020, our revenue derived from Luohe Suhe Property, Zhengzhou Jixiang and Zhengzhou Kangqiao Guotou was RMB6.5 million, representing 1.1% of our total revenue.

In the future, we plan to evaluate opportunities to acquire other property management companies and other businesses that complement our existing businesses to expand our business scale and integrate their operations into our business. See "Future Plans and Use of Proceeds" in this prospectus for more details of our acquisition plans. However, there can be no assurance that we will be able to identify suitable opportunities or successfully implement our acquisition plans, given that many of our peers listed on the Hong Kong Stock Exchange are looking for potential target property management companies in the PRC, most of our current projects are in Henan and we plan to expand our business outside of Henan. 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. Furthermore, acquisitions involve inherent risks and uncertainties, including, without limitation, potential ongoing financial obligations and unforeseen or hidden liabilities in connection with the target, inability to apply our business model or standardized business processes on the acquisition targets, failure to achieve the intended acquisition objectives or benefits, diversion of resources and management attention from managing our existing business operations, and increase in depreciation and amortization costs arising from the acquired property, plant and equipment and intangible assets as a result of the acquisition.

Furthermore, we may face difficulties in integrating acquired operations as we continue to expand our operations through acquisition. Our ability to integrate the acquired business may be affected by a variety of factors. These factors include, but are not limited to, the complexity and size of the acquired business, risks of operating in new markets, unfamiliarity with new regulatory regimes, differences in corporate cultures, inability to retain the acquired company' personnel, as well as additional hidden costs associated with the acquisition. Such difficulties could disrupt our business operations, distract our management or increase our operating expenses, any of which could materially and adversely affect our business, financial condition and results of operations.

Approximately 50%, or HK$261.7 million, of the proceeds raised from this Global Offering will be used to acquire or invest in other property management companies. See "Future Plans and Use of Proceeds – Use of Proceeds" for details. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, our proceeds from this Global Offering may not be effectively used.

Adverse information on the Internet, or any other negative publicity about us, our Shareholders and affiliates, our brand and our management may have a material adverse effect on our business, reputation and the trading price of our Shares.

During the course of our business, there may be negative publicity about us, our Shareholders and affiliates, the properties we manage, our brand, our management and other aspects of our business operations from time to time. They may appear in the form of comments on internet websites or any other media sources. For instance, if we fail to meet our customers' expectations as to the quality of our services, our customers may disseminate negative comments on social media platforms. Our subcontractors may also become the subject of negative publicity for various reasons, like customer complaints about the quality of their services. Because of our close relationship with the Kangqiao Group from whose projects and properties we derive a significant portion of our property management services revenue, negative publicity about the Kangqiao Group, its business and financial condition could adversely affect our reputation, business, results of operations and share price. In the long term, if such negative publicity about us, our Shareholders and affiliates, our brand, our management and other aspects of our business operations damage our reputation and result in a loss of customer confidence, it would affect our future ability to attract and get new customers and employees. As a result, our business, financial position, results of operation and prospects would be materially and adversely affected.

We face certain risks associated with the outbreak of COVID-19.

Since early 2020, the PRC and a growing number of countries and regions around the world have encountered an outbreak of COVID-19, a highly contagious disease known to cause respiratory illness. On January 30, 2020, WHO declared that the outbreak of COVID-19 constitutes a Public Health Emergency of International Concern, and on March 12, 2020, WHO declared COVID-19 outbreak a pandemic. The outbreak of COVID-19 has endangered the

health of many people in and outside of China, resulting in numerous confirmed cases and deaths and significantly disrupted travels and local economies in and outside of China. To prevent further transmission of COVID-19, the PRC Government had adopted a series of measures nationwide, including among others, restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and existing construction sites. Such adverse epidemics may severely affect and restrict the level of economic activity in China as the local government in the regions we operate may impose regulatory or administrative measures quarantining affected areas or other measures to control the outbreak of the infectious disease, which together with the disruption of business in major industries may adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic growth in China. Any contraction or slowdown in the economic growth of China could adversely affect our business, financial condition, results of operations and prospects.

In addition, COVID-19, or any other adverse public health developments, could have an adverse impact on the livelihood of the people in and the economy of the PRC and may, in turn, adversely impact the property market in the PRC. The outlook of the real estate market, economy slowdown and negative business sentiment could potentially have an indirect impact on the property management market and our business operations and financial condition may be adversely affected. In addition, if any of our employees or staff of our sub-contracting services were suspected of contracting or contracted an epidemic disease, it could adversely affect or disrupt our operations, as we may be required to quarantine some or all of our employees and sub-contracting staff, disinfect the buildings or sites or even scale-down or close some of our business to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the financial condition, or as the case may be, business operations of our customers, suppliers and other business partners, which could in turn adversely affect our business, financial condition, results of operations and prospects.

We are uncertain as to when the outbreak of COVID-19 will be fully contained, and we also cannot predict if the impact will be short-lived, recurring or long-lasting. If the outbreak of COVID-19, or any similar adverse public health developments, is not effectively controlled, our business operations and financial condition may be materially and adversely affected. See "Business – Effect of the COVID-19 Pandemic" for further details.

We may not be able to successfully collect trade receivables due from third parties and related parties.

Our trade receivables, before impairment losses recognized, amounted to RMB100.4 million, RMB203.0 million and RMB353.7 million as of December 31, 2018, 2019 and 2020, respectively, which primarily included property management fees and value-added service fees due from related parties and third parties. We may not be able to collect our trade receivables in a timely manner, or at all. We may encounter difficulties in collecting property management fees from our customers. Even though we seek to collect overdue property management fees through various collection measures, we cannot assure you that such measures will be effective. Though before accepting new engagements, we assess the historical collectability of

management fees in these properties , there is no assurance that such assessment would enable us to accurately predict our future collection rate. Moreover, property management fees are regulated by PRC laws and regulations and any change in the relevant laws and regulations may also affect our ability to successfully collect our property management fees. In addition, as of December 31, 2018, 2019 and 2020, we recorded trade receivables due from related parties of RMB67.8 million, RMB143.0 million and RMB258.2 million, respectively, representing approximately 67.5%, 70.5% and 73.0% of our total trade receivables. In addition, the average turnover days of the trade receivables due from related parties were approximately 321 days, 297 days and 311 days in 2018, 2019 and 2020, respectively, which are relatively longer than that of trade receivables due from customers not related to us. For details, see "Financial Information – Description of Certain Items of Combined Balance Sheets – Trade and Other Receivables and Prepayments – Trade Receivables." We cannot assure you that we will be able to collect such amount when they become due in a timely manner or at all.

Our allowance for impairment of trade receivables amounted to RMB2.8 million, RMB4.4 million and RMB6.9 million as of December 31, 2018, 2019 and 2020, respectively. Our Directors confirm our management's estimation and the related assumptions have been made in accordance with the information currently available to us. However, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of the new information, we may need to make more allowance for impairment of trade receivables, which may in turn materially and adversely affect our business, financial condition and results of operations.

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

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

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

The property management industry is fragmented and highly competitive. For details, please see "Industry Overview – Competition" in this prospectus. We compete against other property management companies in the PRC with respect to a wide range of factors including, among others, service quality, brand recognition, innovation, cost efficiency and financial resources. Moreover, our community value-added services face competition from other companies providing similar services to consumers. Competition in our industry may intensify as our competitors expand their product or service offerings, or as new competitors enter our existing or new markets. Our competitors may have better track records, longer operating histories and greater financial, technical and other resources. They may also have greater brand recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion and sale of their services. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial condition and results of operations.

A significant portion of our business is concentrated in Henan Province, and we are susceptible to trends and developments in these regions.

A significant portion of our operations is concentrated in Henan Province. As of December 31, 2018, 2019 and 2020, the total GFA under management located in Henan Province represented approximately 100.0%, 95.3% and 95.6% of the total GFA under management, respectively. Our property management services revenue generated from our managed properties in Henan Province amounted to approximately 100.0%, 99.5% and 91.6% of the total property management services revenue, respectively, in 2018, 2019 and 2020. According to CIA, we were ranked second, third and third among the Top 100 Properties Management Companies with headquarters in Henan in 2019 in terms of GFA under management, revenue and net profit, respectively. Though we have further expanded to other key economics regions and cities in China such as Zhejiang Province and Hubei Province, we expect that Henan Province will still continue to account for a significant portion of our business in the near future. If the Henan Province experiences any adverse economic conditions, such as an economic downturn, natural disaster, contagious disease outbreak or terrorist attack, or if the local governmental authorities adopt regulations that place additional restrictions or burdens on us or on the property management industry in general, our business, financial condition and results of operations could be materially and adversely affected.

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 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 government supported houses, 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 competent price administrative department are supposed to make efforts to perform relevant procedures to decontrol property service charges for non-government supported houses. 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 – Legal Regulations over Property Management Services – Property Service Charges."

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. 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, a significant portion of our revenue are generated from our property management services. Therefore, our results of operations depend largely on the total GFA and number of communities we manage. As such, the growth potential of our property management services will be indirectly affected by the PRC real estate industry. The PRC Government has implemented a series of measures with a view to 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.

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

Our success depends upon the efforts of our Directors, senior management and other key employees as a whole. If any of our Directors, senior management and other key employee leaves and we are unable to promptly identify and appoint or employ a qualified replacement, our business, financial condition and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend in part on our ability to recruit, train and retain qualified personnel in all aspects of our business, such as corporate management personnel, property management personnel and information technology personnel. If we are unable to recruit, train and retain qualified personnel, our growth may be limited and our business, financial condition and operating results could be materially and adversely affected.

We may fail to detect and prevent fraud, negligence or other misconduct committed by our employees, sub-contractors, or third-parties.

While we expand our business into new geographic markets, we may subject to financial losses and sanctions imposed by government authorities as well as harm to our reputation if our employees, subcontractors or third-parties commit fraud, negligence or other misconduct. Such misconduct includes crimes like theft, vandalism, embezzlement and bribery. We have established risk management and internal control systems consisting policies and transactions in a timely manner, or at all, which could enable us to identify and prevent fraud, negligence and other misconduct committed by our employees, subcontractors and third-parties, and take remedial measures in relation to them timely and effectively. However, although we may have limited, or even no control, over the behaviors of these parties, we may still be viewed as at least partially responsible for their conduct under theories related to contract or tort. We may become a defendant or a joint-defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or other parties. To the extent that we cannot recover related costs from the employees,

sub-contractors or other third parties involved, we may suffer material adverse effects on our business, financial position and reputation, which could damage our brand value or put us in a position where we may be required to compensate the injured parties even in the absence of a legal requirement to do so.

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

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

If we fail to protect our intellectual property rights, our business, financial conditions and results of operations would be severely harmed.

We consider our intellectual property rights are crucial business assets, key to customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our brand, trade names and trademarks to increase brand recognition and to further develop our brand. The unauthorized reproduction of our trade names or trademarks could diminish the value of our brand and our market reputation and competitive advantages. We rely on a combination of trademarks, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property rights. Nevertheless, these afford limited protection and preventing unauthorized use of proprietary information can be difficult and expensive. In addition, enforceability, scope and validity of laws governing intellectual property rights in China are uncertain and still evolving, and could involve substantial risks to us. If we were unable 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, financial condition and results of operations.

We may experience failures in or disruptions to our information technology systems and the protection of our data security.

Our business relies on the proper functioning of our information technology systems, which include, among others, our "Kang Yun You Jia" (康雲優家) and "Kangqiao Property Management Assistant" (康橋物管助手) Apps. We also employ various automation. See "Business – Standardized Operation and Smart Management." However, we cannot assure you that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and

other similar occurrences relating to our information systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems. Furthermore, data security incidents are not uncommon in recent years. Consumers and customers' awareness of the importance of data security and information privacy has increased in recent years and they may lose trust in a service provider if such incidents occur. If we fail to protect the confidential information of the registered users and members of our "Kang Yun You Jia" (康雲優家) mobile app, they may lose trust in our products and services and resort to other alternatives. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

Moreover, we cannot guarantee that the information security measures we currently maintain are adequate or that our information technology system can withstand intrusions from or prevent improper usage by third parties. Any malfunction to a particular part of our information technology system may result in a breakdown throughout our network and our ability to continue our operations smoothly may be negatively affected, which in turn could adversely affect our results of operations. Furthermore, we may not always be successful in developing, installing, running or implementing new software or advanced information technology systems as required by our business development. Even if we are successful in this regard, significant capital expenditure may be required, and we may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our profitability.

We rely on third-party service providers that we cooperate with to provide certain services.

We collaborate with third-party merchants to provide certain services for properties under our management, for example, we may conduct transactions through third-party online payment platforms, such as WeChat Pay and AliPay under normal terms with ordinary merchants, with a view to improve convenience and efficiency. We select third-party service providers based on factors such as professional qualifications, industry reputation, service quality, and price competitiveness. However, we cannot assure you that they will always perform in accordance with our expectations. We may not be able to monitor their services or control over the security measures of third-party online payment platforms as directly and efficiently as with our own services. They may take actions contrary to our or our customers' instructions or requests, or be unable or unwilling to fulfill their obligations. As a result, we may have disputes with third-party service providers, or may be held responsible for their actions, for example, security breaches of the online payment platforms, either of which could lead to damages to our reputation, additional expenses and business disruptions and potentially expose us to litigation and damage claims. We cannot assure you that upon the expiration of our agreements with our current third-party service providers, we will be able to renew such agreements or find suitable replacements in a timely manner, on terms acceptable to us, or at all.

In addition, if our third-party service providers fail to maintain a stable team of qualified manual labor or do not have easy access to a stable supply of qualified manual labor or fails to perform their obligations properly or in a timely manner, the work process may be interrupted. Any interruption to the third-party service providers' work process may potentially result in a breach of the contract between our customers and us. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial position and results of operations.

We are exposed to risks related to concentration of suppliers.

We experienced concentration of suppliers during the Track Record Period. For the years ended December 31, 2018, 2019 and 2020, purchases from our five largest suppliers accounted for approximately 24.0%, 31.8%, and 35.1% of our total purchase, respectively, and our single largest supplier accounted for 6.4%, 10.4%, and 9.8% of our total purchase during the same periods, respectively. Our five largest suppliers primarily comprised sub-contractors providing cleaning services. We cannot assure you that there are suppliers at comparable prices within a reasonable period in case of interruption of our major suppliers' business or our business relationship with them. In the event of the above-mentioned situation, our financial condition and results of operations may be materially and adversely affected.

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

Under relevant PRC laws and regulations, we are required to make social insurance and housing provident fund contributions for our employees. During the Track Record Period, certain of our subsidiaries failed to make full contribution to social insurance and housing provident funds for some employees as required by relevant PRC laws and regulations. As advised by our PRC Legal Adviser, the relevant governmental authorities may demand for payment of the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. In addition, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed period, and if we fail to make such payments, application may be made to a people's court in the PRC for compulsory enforcement. For details, please see "Business – Legal Proceedings and Compliance – Compliance – Non-compliance Incidents" in this prospectus.

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

We may be subject to penalties or adverse judicial rulings as a result of making loans to related parties and third parties during the Track Record Period.

During the Track Record Period, we made certain loans to related parties and a third party, which may not be in compliance with the PRC laws and regulations, and our loans to related parties had an interest rate ranging from 8.16% to 12.29%. We recorded interest income from loans to related parties and third parties in the amount of RMB3.1 million, RMB5.0 million and RMB19.2 million in 2018, 2019 and 2020, respectively. Such loans are expected to be fully repaid prior to the Listing.

According to the General Lending Provisions (貸款通則) promulgated by the PBOC, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. According to the General Lending Provisions (貸款通則), a company which is not a financial institution and offers loans may be imposed penalties in the amount equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the "**Private Lending Provisions**"), which became effective on September 1, 2015 and was latest revised on 29 December 2020, borrowing agreements between companies which are not financial institutions shall be classified as private lending and should be valid if such lending are for business operation purposes and do not fall into certain situations stipulated in the Civil Code of the PRC and Private Lending Provisions. PRC courts will support a company's claim for interest in respect of such lending as long as the annual interest rate does not exceed four times of the applicable one-year loan prime rate ("**LPR**"). As of the Latest Practicable Date, we had not received any notice of claim or were not subject to any investigation or penalty relating to the interest-bearing loans we provided during the Track Record Period. Loans to related parties were fully settled as of April 30, 2021. The General Lending Provisions provides that the maximum penalty on the non-compliant financing would be the amount equivalent to one to five times of the income generated (being interest charged) from the loan advancing activities as discussed above. Based on abovementioned factors, we estimate that the penalty that could be imposed on us arising from provision of loans to related parties during the Track Record Period would be approximately RMB26.4 million to RMB132.1 million, and our PRC Legal Advisors are of the view that the possibility of us being penalized in respect of the above-mentioned loans pursuant to the General Lending Provisions is remote.

See "Financial Information – Description of Certain Items of Combined Balance Sheets – Trade and Other Receivables and Prepayments – Other Receivables and Prepayments" for more details. However, the final determination of the relevant regulatory authorities could be different, and we may be subject to penalties from the PBoC or adverse judicial rulings as a result of the abovementioned loans, which could have a material adverse effect on our business, financial position and results of operations.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government approvals or licenses in carrying out our operations.

We are required to obtain and maintain certain licenses, permits, certificates and approvals for our business operations and certain services that we currently offer. We must meet various specific conditions in order for the government authorities to issue or renew any certificate or permit. In addition, we cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to our services or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our operations, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

Our rights to use our leased properties could be challenged by third parties, or we may be forced to relocate due to title defects, or we may be liable for failure to register our leased agreements, which may result in an adverse impact on our business operation and financial conditions.

We lease certain properties from third parties mainly for our business operations. As of the Latest Practicable Date, we had not received sufficient or valid ownership certificates or other ownership documents of 7 properties from lessors. 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 and time will not be material. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

In addition, according to applicable PRC administrative regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we had not filed lease agreements for registration for 23 of our leased properties. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, as advised by our PRC Legal Adviser we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement.

The occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these leases agreements and any other lease agreements that we may enter into in the future.

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

We believe our insurance coverage is in line with the industry practice in China and we did not experience any material insurance claims in relation to our business during the Track Record Period and up to the Latest Practicable Date. For more details regarding our insurance policies, see "Business – Insurance." In addition, we typically require our sub-contractors to purchase accident insurance policies for their employees who provide services to our Group or to otherwise be responsible for all workplace injuries to their employees, except for the injuries directly attributable to us. However, our insurance coverage may not adequately protect us against all potential losses and liabilities that we may incur in the course of our business operations, which may result in adverse effects on our business. Moreover, there are certain types of losses or liabilities for which there are no insurance policies in China available at commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial condition and results of operations.

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

As of December 31, 2020, we had entered into a limited number of preliminary property management service agreements without completing the required tender and bidding process under PRC laws and regulations. The relevant properties were not ready to be delivered to us for management, so we had not generated revenue from these properties during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Adviser, there are no specific laws and regulations in the PRC which set out administrative penalties on property management companies for failing to undergo tender and bidding processes when obtaining preliminary property management service agreements. However, we cannot guarantee that such penalties will not be imposed in the future for our historical or future property management service agreements that do not go through tender and bidding processes, or that such agreements will not be declared invalid by competent judicial or other authorities due to the absence of tender or bidding process. Our results of operations and financial condition may therefore be materially and adversely affected.

If we are unable to perform our contracts with customers, our results of operations and financial condition may be adversely affected.

We may collect advance payments pursuant to our service agreements made by our customers before we start rendering our services. This gives rise to contract liabilities at the start of each service agreement that we enter into. As of December 31, 2018, 2019 and 2020, our contract liabilities amounted to RMB43.7 million, RMB69.7 million and RMB108.3 million, respectively. See "Financial Information – Description of Certain Items of Combined Balance Sheets – Contract Liabilities." If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the payments we have received, which could adversely affect our cash flow and liquidity condition, our results of operations and financial condition. In addition, failure in fulfilling our obligations under our contracts with customers could adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

We may fail to recover our deferred tax assets, which could adversely affect our financial positions in the future.

As of December 31, 2018, 2019 and 2020, we recorded deferred tax assets of approximately RMB2.3 million, RMB3.5 million and RMB6.5 million, respectively. Under our accounting policies, we periodically assess the probability of the realization of deferred tax assets, using significant judgements and estimates with respect to historical operating results, expectations of future earnings, tax planning strategies and other related factors. According to our accounting policy, we recognize deferred tax assets relating to certain temporary differences and tax losses when our management considers it is probable that future taxable profit will be available and as a result, the temporary differences or tax losses can be utilized. However, there is no assurance that our judgements or estimates based on the expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may fail to recover our deferred tax assets which thereby could have an adverse effect on our financial positions in the future.

We recorded goodwill on our combined statements of financial position attributable to the acquisitions completed during the Track Record Period. Provision for impairment losses on goodwill would adversely affect our financial position.

Upon the completion of our acquisition of Zhejiang Lansheng in 2019, we recorded goodwill of RMB10.0 million as of December 31, 2019, only in connection with such acquisition. In 2020, upon the completion of our acquisitions of Zhengzhou Zhengran and Zhengzhou Jixiang, we recorded goodwill of RMB13.8 million as of December 31, 2020. If we fail to achieve our desired objectives or if any unforeseen circumstances decreases the expected cash flows from acquired assets, the recoverable amount can be lower than the carrying amount

on our financial statements. Under such circumstance, we may need to record impairments against our goodwill in our financial statements, which may reduce our assets and materially and adversely affect our financial position.

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

During the Track Record Period, we incurred certain indebtedness. As of December 31, 2018, 2019 and 2020, our bank borrowings amounted to approximately RMB47.0 million, RMB55.1 million and RMB347.0 million, respectively. Our gearing ratio as of December 31, 2018, 2019 and 2020 was 149.2%, 86.6% and 207.8%, respectively. See "Financial Information – Indebtedness – Bank Borrowings" and "Financial Information – Summary of Key Financial Ratios" in this prospectus for more details. Our indebtedness could increase our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; and limit our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate. We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

Prevailing economic conditions, PRC law or regulations, the demand for properties in the area we operate and other factors, many of which are beyond our control, will affect our future operating performance, which further determine our ability to generate sufficient cash to satisfy our existing and future debt obligations. Where we are unable to provide enough cash flow to pay our anticipated operating expenses and to service our debts, we will be forced to adopt an alternative strategy that may include actions, for example, reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. However, there could be a default under the terms of these agreements if we are unable to satisfy our repayment obligations under our bank borrowings, or are otherwise unable to comply with the restrictions and covenants in the agreements of our current or future bank borrowings. The lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan if there is a default under these agreements. In addition, a default may also trigger cross-default and acceleration clause. In any of these events, we cannot assure you that our assets and cash flow would be sufficient to cover all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us, which further materially and adversely affect our cash flow, cash available for distributions, financial condition and results of operations.

Our business and financial position could be adversely affected if we fail to maintain effective cash flow management.

We cannot assure you that we will always be able to generate net cash from operating activities. Net operating cash outflow could impair our ability to make necessary capital expenditures and meet our liquidity requirements, thereby constraining our operational flexibility. We cannot assure you that we will not suffer any decline in our future working

capital or experience net cash outflow in the future. If we fail to maintain effective working capital and cash flow management, we may experience material and adverse effects on our business and results of operations.

We are required to adhere to national health and safety standards, and in the event that we are unsuccessful at meeting these standards, our business, financial condition, results of operations and brand image would be negatively affected.

We cannot guarantee that our procedures, safeguards and training will be completely effective in meeting all relevant health and safety requirements. A failure to meet relevant government requirements could occur in our operations or those of our sub-contractors or suppliers. During the Track Record Period, we had complied with PRC laws in relation to workplace safety in all material respects and 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. Nevertheless, there can be no assurance that we will not be subject to any administrative penalties due to non-compliance with laws and regulations in relation to labor, safety and environment protection matters in the future. Any material non-compliance could result in fines, suspension of operations, loss of permits, and in more extreme cases, criminal proceedings against our Company and/or our management. Moreover, negative publicity could be generated from false, unfounded or nominal liability claims. Any of these failures or occurrences could negatively affect our business, financial condition, results of operations and brand image.

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

Work injuries and accidents may occur in the course of our business. For example, we provide repair and maintenance services to property developers and managed properties through our own employees and third party sub-contractors, which may involve the handling of tools and machinery that carry the inherent occupational risk of accidents. Any incident or accident could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability and we may be held liable for the losses. In addition, we are exposed to claims of negligent or reckless behavior on the part of our employees or employees of our sub-contractors. We may also experience interruptions to our business operations and may be required by government authorities to change the manner in which we operate following any incidents or accidents. Any of the foregoing could materially and adversely affect our reputation, business, financial condition and results of operations.

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

We may, from time to time, be involved in disputes with and subject to claims from, among others, the residents, guests and property owners of our managed properties. For example, property owners may take legal action against us if they believe that our services are

below the standards set forth in the relevant preliminary property management service contracts or property management service contracts. Furthermore, we may from time to time be involved in disputes with and subject to claims by other parties associated with our business operations, such as our sub-contractors, suppliers and employees, or other third parties who sustain injuries or damages at the premises of our managed properties. Such disputes and claims may lead to legal or other proceedings or result in negative publicity against us and damage our reputation. We may also incur substantial costs and have to divert management attention and other resources from our business operations to defend ourselves in such proceedings. Any such dispute, claim or proceeding may have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE PRC

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

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

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

In addition, the outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt; the effect of the exit of the United Kingdom from the European Union (the "**Brexit**") remains uncertain. In the United States, the recovery in the housing market remains subdued. In 2018 and 2019, the U.S. government and PRC government, imposed several rounds of tariffs on each other's

products. The trade war between China and the United State created substantial uncertainties and volatilities to global markets. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "**Phase I Agreement**"). It remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. The lasting impact the trade war may have on China's economy and the real estate industry remains uncertain. Moreover, the outbreak of COVID-19 may materially and adversely affect the global economy. For details, please see the subsection headed "– Risks Relating to Our Business and Industry – We face certain risks associated with the outbreak of COVID-19."

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, the overall PRC economy, which would in turn affect our business.

The national and regional economies in China and our prospects may be adversely affected by health epidemics and other natural disasters.

Our business could be affected by the outbreak of H1N1, or the swine flu, avian influenza, severe acute respiratory syndrome, or SARS, or, most recently, COVID-19 or another epidemic. Any recurrence of those diseases or occurrence outbreak of any other similar diseases could result in a widespread health crisis that could adversely affect the economy and financial markets of China. For more details regarding the risks of COVID-19, please see the subsection headed "– Risks Relating to Our Business and Industry – We face certain risks associated with the outbreak of COVID-19." Such disruptions could adversely affect our business operations and earnings.

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

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

Our operating subsidiaries are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. In 1979, the PRC Government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, such as foreign investment, corporate organization and governance, commerce, taxation and trade. As all of our businesses are conducted in China, our operations are principally governed by PRC laws and regulations. However, since the PRC legal system continues to rapidly evolve, the

interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. Furthermore, intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other countries. In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

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

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

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

We conduct all of our business through our combined subsidiaries incorporated in China. We rely on dividends paid by these combined subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our PRC subsidiaries is also required to set aside at least 10% of its after-tax profit based on PRC laws and regulations each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. Our statutory reserves are not distributable as loans, advances or cash dividends. We anticipate that in the foreseeable future

our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

In addition, under the PRC Enterprise Income Tax Law, or EIT Law, the EIT Implementation Rules, the Notice of the State Administration of Taxation on Negotiated Reduction of Dividends and Interest Rates, or Notice 112, which was issued on July 1, 2007, the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion, or the Double Taxation Arrangement (Hong Kong), which became effective on December 8, 2006, and the Announcement of the State Administration of Taxation on the Determination of "Beneficial Owners" in the Tax Treaties, or Notice 9, which became effective on April 1, 2018, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered as a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaty between the PRC and the tax residence of the holder of the PRC subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organizational changes to minimize the corresponding tax impact.

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

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

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

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

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

On February 3, 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, which abolished certain provisions in the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises' Share Transfers (關於加強非居民企業股權轉讓所得企業所得稅管理的通知) ("**SAT Circular No. 698**"), previously issued by the State Administration of Taxation on December 10, 2009. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For

example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular No. 7. SAT Circular No. 7 may be determined by the tax authorities to be applicable to our Reorganization, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

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

Most of our Directors and executive officers reside within China, and all of our assets and substantially all of the assets of those persons are located within China. It may not be possible for investors to effect service of process upon us or those persons inside China or to enforce against us or them in China any judgments obtained from non-PRC courts unless in accordance with the provisions of the international treaties concluded or acceded to by the foreign country and the PRC. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. However, judgments rendered by Hong Kong courts may be recognized and enforced in China if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned 《(關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) are met. Therefore recognition and enforcement in China of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

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

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

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

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

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

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles 《(關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular No. 37**"), which was promulgated by SAFE and became effective on July 4, 2014, requires a PRC individual resident ("**PRC Resident**") to register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("**Offshore SPV**") that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, merger or division. Failure to comply with the registration procedures of SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent.

Inflation in the PRC could negatively affect our profitability and growth.

Economic growth in the PRC has, during certain periods, been accompanied by periods of high inflation, and the PRC Government has implemented various policies from time to time to control inflation. For example, the PRC Government introduced measures in certain sectors to avoid overheating of the PRC economy, including increasing interest rates and capital reserve thresholds at PRC commercial banks. The effects of the stimulus measures implemented by the PRC Government since the global economic crisis that commenced in 2008 and the continued growth in the overall economy since then have resulted in sustained inflationary pressures. If these inflationary pressures continue and are not mitigated by PRC Government measures, our cost of services will likely increase. Measures adopted by the PRC Government to control inflation may also slow economic activity in the PRC and reduce demand for our products and decrease our revenue growth and adversely affect our results of operations.

Fluctuations in amounts of tax benefits may adversely affect our profit in the future.

We enjoy several tax benefits from our government authorities during Track Record Period. According to Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening Value-added Tax Reform (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》(財政部、稅務總局、海關總署公告2019年第39號 or "Announcement 2019 No. 39"), with

effect from April 1, 2019 to December 31, 2021, our company as a taxpayer in service industry relating to production and daily services are allowed to deduct payable amount of tax by additional 10% of the deductible input tax for the current period. Due to COVID-19, China government authorities conducts several ways to reduce companies' pressure. For example, in Announcement of the Ministry of Finance and the State Taxation Administration on the Value-Added Tax Policies on Supporting the Resumption of Work and Business of Individual Industrial and Commercial Households (财政部、税務總局關於支持個體工商戶復工複業增值税政策的公告 (财政部、税務總局公告2020年第13號), the applicable tax rate shall be adjusted to 1% from the original 3% for us as a small-scale taxpayer from March 1, 2020 to May 31, 2020. Because tax benefits fluctuated during the Track Record Period as such benefits were subject to the government policy in that year or period, there can be no assurance that we will continue to receive such amounts of tax benefits, which in turn, may cause volatility in our profit.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active trading market may not develop.

Prior to the Global Offering, there has not been a public market for our Shares. An active public market may not develop or be sustained after the Global Offering. The initial Offer Price range for our Shares was the result of, and the Offer Price will be the result of, negotiations among us and the Sole Global Coordinator (on behalf of the Underwriters) and may not be indicative of prices that will prevail in the trading market after the Global Offering.

We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop or be sustained. If an active market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be adversely affected. As a result, you may not be able to resell your Shares at prices equal to or greater than the price paid for the Shares in the Global Offering.

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

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

- actual and anticipated variations in our results of operations;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, dispositions, strategic alliances or joint ventures;

- recruitment or loss of key personnel by us or our competitors;
- market developments affecting us or the property management industry;
- regulatory or legal developments, including litigation;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in Hong Kong, China and elsewhere in the world.

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

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

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

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

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

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

Subject to Shareholders' approval, our Board of Directors shall, at their discretion, formulate the distribution of dividends. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under HKFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. See "Financial Information – Dividend and Distributable Reserve" for more details of our dividend policy.

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

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will have substantial control over its interests in the issued share capital of our Company. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group that would otherwise benefit our Shareholders. The interests of the Controlling Shareholders may not always coincide with our Company or your best interests. If the interests of the Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

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

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

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

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

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

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

Forward-looking statement contained in this document are subject to risks and uncertainties.

This prospectus contains forward-looking statements related 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 "may," "should," "will," "would," "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions are intended to identify forward-looking statements. You should be cautioned that there may be risks and uncertainties related to forward-looking statements and any or all of the assumptions relating to the forward-looking statements could prove to be inaccurate, which in turn, will make the forward-looking statement incorrect. The inclusion of forward-looking statements in this document should not be regarded as a representation by us that the plans and objectives will be achieved, and you should not put undue reliance on such statements.

In preparation for the Global Offering, our Company 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, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our Group's principal business and operations are located, managed and conducted in the PRC through our PRC subsidiaries and none of our executive Directors is ordinarily based in Hong Kong and they will continue to be based in the PRC after the Listing. As a result, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily resident in Hong Kong or to relocate its existing PRC-based executive Directors to Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain regular and effective communication with the Stock Exchange, we put in place the following measures:

(i) our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as its principal channel of communication with the Stock Exchange and ensure that our Company will comply with the Listing Rules at all times. The two authorized representatives are Ms. Wang Na, a joint company secretary of our Company and an executive Director, and Ms. Yu Wing Sze, a joint company secretary of our Company. Ms. Yu Wing Sze is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email (if applicable) to deal promptly with any enquiries which may be made by the Stock Exchange;

(ii) each of the authorized representatives has means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, our Group will implement a policy that (i) each of our Directors has provided his/her mobile phone number, office phone number, facsimile number and email address (if applicable) to the authorized representatives and the Stock Exchange; and (ii) each of our Directors will provide his/her phone numbers or means of communication to the authorized representatives when he/she is traveling;

(iii) in addition, each of our Directors (including the independent non-executive Directors) not being ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong for business purpose and will be able to come to Hong Kong and meet with the relevant officers of the Stock Exchange within a reasonable period, when required; and

(iv) in compliance with Rule 3A.19 of the Listing Rules, our Company has appointed Giraffe Capital Limited to act as our compliance advisor who will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the Listing Date and ending on the date that our Company publishes our financial results for the first full financial year after the Listing Date pursuant to Rule 13.46 of the Listing Rules. The contact person of the compliance advisor will be fully available to answer enquiries from the Stock Exchange.

APPOINTMENT OF JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and the Guidance on experience and qualification requirement of a company secretary (HKEX-GL108-20), the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Ms. Wang Na and Ms. Yu Wing Sze as joint company secretaries of our Company. Ms. Wang Na joined our Group in December 2017 and was appointed as our company secretary on January 20, 2021. She is currently an executive Director and the chief financial officer of our Group and is primarily responsible for the investment and financial management affairs of our Group and the affairs of our Board. By virtue of Ms. Wang Na's experience and familiarity with our Group, our Directors believe that Ms. Wang Na is capable of discharging the duties as a company secretary of our Company and is a suitable person to act as a joint company secretary of our Company.

In assessing "relevant experience," the Stock Exchange will consider the individual's: (i) length of employment with the issuer and other listed companies and the roles he/she played, (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code, (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules, and (iv) professional qualifications in other jurisdictions.

In addition, the Company has principal business activities outside Hong Kong, which has practical difficulties in finding a company secretary who possesses day-to-day knowledge of their affairs and the requisite knowledge and experience to discharge the functions of the company secretary.

Since Ms. Wang Na does not possess the academic or professional qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Wang Na may be appointed as our company secretary. The waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) Ms. Wang Na must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company.

The waiver was granted for a three-year period commencing from the Listing Date on the condition that we appoint Ms. Yu Wing Sze, who is an ordinary resident in Hong Kong and an associate member of the Hong Kong Institute of Chartered Secretaries possessing the professional qualification and relevant experience as stipulated under Rule 3.28 of the Listing Rules, as a joint company secretary to assist Ms. Wang Na in the discharge of her duties as a company secretary so as to enable her to gain the relevant experience as required under Rule 3.28 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Yu ceases to provide such assistance. Before the end of the three-year period, we must liaise with the Stock Exchange which will re-visit the situation in the expectation that we should then be able to demonstrate to the satisfaction of the Stock Exchange that Ms. Wang Na, having the benefit of Ms. Yu's assistance for three years, would have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

For further details about the biographies of Ms. Wang Na and Ms. Yu Wing Sze, see"Directors and Senior Management – Joint Company Secretaries."

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, see "Continuing Connected Transactions".

CONSENT IN RELATION TO ALLOCATION OF SHARES TO A CORNERSTONE INVESTOR WHO IS CONNECTED WITH ONE OF THE UNDERWRITERS

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

Paragraph 13(7) of Appendix 6 to the Listing Rules states that "connected clients" in relation to an exchange participant means any client who is a company which is a member of the same group of companies as such exchange participant.

Paragraph 2.2 of Guidance Letter HKEx-GL85-16 states that "connected clients" are permitted to participate as cornerstone investors in initial public offerings subject to certain conditions set out therein.

As part of the Global Offering, Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司), as one of our cornerstone investors, has entered into a cornerstone investment agreement to subscribe for certain number of the Shares (the "**Investor Shares**"). For the purpose of the cornerstone investment, Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) 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 that is a qualified domestic institutional investor as approved by the relevant PRC authorities (the "**QDII Manager**"), to subscribe for or purchase and hold the Investor Shares on its behalf.

CCB Asset is a member of the same group of companies as CCB International Capital Limited ("**CCBI**"), which is the Sole Sponsor and the Sole Global Coordinator and one of the Joint Bookrunners, Joint Lead Managers and Underwriters of the Global Offering. Accordingly, CCB Asset is considered as a "connected client" of CCBI under paragraph 13(7) of Appendix 6 to the Listing Rules.

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 participation by Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) as a cornerstone investor in the Global Offering through the QDII Manager CCB Asset subject to the following conditions set out in paragraph 4.9 of Guidance Letter HKEx-GL85-16:.

1. the Offer Shares of the Company to be allocated to CCB Asset (on behalf of Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司)) will be held in funds or accounts on behalf of Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司), an independent third party who is not connected to the Company for the purpose of the Listing Rules;

2. the cornerstone investment agreement entered with Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) will not contain any material terms which are more favourable to Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) than those in other cornerstone investment agreements;

3. other than the preferential treatment of assured entitlement under a cornerstone investment following the principles as set out in HKEx-GL51-13, no preferential treatment has been, nor will be, given to CCB Asset (on behalf of Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司));

4. each of the Sole Sponsor, the Company, the Joint Bookrunners and CCB Asset has provided the Stock Exchange a written confirmation in accordance with HKEx-GL85-16;

5. the Sole Sponsor has provided the identity of CCB Asset and the relationship between CCBI and CCB Asset;

6. the Sole Sponsor has provided the identities of the ultimate beneficial owners of Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) who will participate as one of our cornerstone investors in the Global Offering through QDII Manager CCB Asset; and

7. details of the allocation will be disclosed in the Prospectus and the Company's allotment results announcement.

For further information, please refer to the section headed "Cornerstone Investors" in the Prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which is part of the Global Offering. For applications under the Hong Kong Public Offering, this prospectus and the 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 the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering", and the procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" and in the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company. The International Offering is managed by the Sole Global Coordinator and is expected to be underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between our Company and the Sole Global Coordinator, for itself and on behalf of the other Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) on or before the Price Determination Date, or such later date or time as may be agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse. Further details of the Underwriters and the underwriting arrangements are set out in "Underwriting."

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales 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. In particular, the Offer Shares was not under public offering or sale, directly or indirectly, in China or the U.S. prospective applicants for the Offer Shares should consult their financial advisers 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 should 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.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Capitalization Issue and the Global Offering and additional Shares which may be issued upon the exercise of the Over-allotment Option.

No part of equity or debt securities of our 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.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange 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 the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our Company's principal registrar in the Cayman Islands.

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

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong Share Register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out in "Structure of the Global Offering."

COMMENCEMENT OF DEALINGS IN OUR SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, July 16, 2021, it is expected that dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Friday, July 16, 2021. Shares will be traded in board lots of 1,000 Shares each.

The stock code of our Shares is 2205.

Our Company will not issue any temporary documents of title.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB, Hong Kong dollars and U.S. dollars have been translated into other currencies in this prospectus, for the purpose of illustration only, at the following exchange rates:

HK$1.00: RMB0.8315 (set by the PBOC for foreign exchange transactions prevailing on June 21, 2021, the Latest Practicable Date); and

US$1.00: RMB6.4546 (set by the PBOC for foreign exchange transactions prevailing on June 21, 2021, the Latest Practicable Date).

No representation is made that any amounts in RMB, Hong Kong dollars and U.S. dollars were or could have been or could be converted into each other at such rates or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentages 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 proceeding them.

LANGUAGE

If there is any inconsistency between this English prospectus and the Chinese translation of this English prospectus, this English prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this English prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS

Name	Address	Nationality
Non-executive Director		
Mr. SONG Gewei (宋革委)	No. 3, Unit 3, 1 Building East 39 Longhai West Road Zhongyuan District Zhengzhou Henan Province, the PRC	Chinese
Executive Directors		
Mr. DAI Wei (戴衛)	No. 301, Unit 1, Building 11 Anzhenxilierqu, Chaoyang District Beijing, the PRC	Chinese
Mr. KANG Weiguo (康衛國)	No. 0302, 3/F, Building 26 No. 306 Longhai West Road Zhongyuan District, Zhengzhou Henan Province, the PRC	Chinese
Ms. WANG Na (王娜)	No. 5, 3/F, Unit 1, Building 22 66 Tianming Road Jinshui District, Zhengzhou Henan Province, the PRC	Chinese
Independent non-executive Directors		
Dr. LI Haitao (李海濤)	Room 201, 2/F, Unit 8, Lane 1799 Shen Gui Road, Shanghai, the PRC	American
Dr. FAN Yun (樊耘)	No. 1803, Block 34, No.1 Jiaoda Village, No.28 West Xianning Road, Beilin District, Xi'an Shaanxi Province, the PRC	Chinese
Mr. WONG Yun Pun (黃潤濱)	Flat D, 21/F, Woodland Court, 6 Parkvale Drive, Discovery Bay Lantau Island, Hong Kong	Chinese

For further information regarding our Directors, please see the section headed "Directors and Senior Management" in this prospectus.

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 **Haitong International Securities Company Limited** 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong **Sheng Yuan Securities Limited** Room 2202, 22/F. No. 238 Des Voeux Road Central Hong Kong **Shenwan Hongyuan Securities (H.K.) Limited** Level 19 28 Hennessy Road Hong Kong **DL SECURITIES (HK) LIMITED** Flat 01 28/F Vertical Square 28 Heung Yip Road Wong Chuk Hang Hong Kong

	Guosen Securities (HK) Capital Company Limited Suites 3207-3212 on Level 32 One Pacific Place 88 Queensway Hong Kong
Joint Lead Managers	**CCB International Capital Limited** 12/F CCB Tower 3 Connaught Road Central Central Hong Kong
	Haitong International Securities Company Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Sheng Yuan Securities Limited Room 2202, 22/F. No. 238 Des Voeux Road Central Hong Kong
	Shenwan Hongyuan Securities (H.K.) Limited Level 19 28 Hennessy Road Hong Kong
	DL SECURITIES (HK) LIMITED Flat 01 28/F Vertical Square 28 Heung Yip Road Wong Chuk Hang Hong Kong

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

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

Livermore Holdings Limited
Unit 1214A 12/F
Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon, Hong Kong

Opus Capital Limited
18/F Fung House
19-20 Connaught Road Central
Central
Hong Kong

Legal Advisors to our Company

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

As to PRC law
Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing
China

As to Cayman Islands law
Campbells
Floor 35, Room 3507
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Legal Advisors to the Sole Sponsor and the Underwriters

As to Hong Kong law
O'Melveny & Myers
31st Floor AIA Central
1 Connaught Road Central
Hong Kong

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

Reporting Accountant and Auditor

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

Compliance Advisor	**Giraffe Capital Limited** 3/F 8 Wyndham Street Central Hong Kong
Industry Consultant	**China Index Academy** Block A, No. 20 Courtyard Guogongzhuang Middle Street Fengtai District Beijing The PRC
Receiving Bank	**China Construction Bank (Asia) Corporation Limited** 26/F, CCB Tower 3 Connaught Road Central Central Hong Kong

Principal Place of Business and Head Office in the PRC	24F, Huacheng International Center Daxue Road, Erqi District Zhengzhou City Henan Province the PRC
Registered Office	Campbells Corporate Services Limited Floor 4, Willow House, Cricket Square Grand Cayman, KY1-9010 Cayman Islands
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	31/F, Tower Two Times Square 1 Matheson St, Causeway Bay Hong Kong
Website Address	www.kqysh.com.cn *(the contents of the website do not form a part of this prospectus)*
Company Secretary	Ms. WANG Na (王娜) No. 5, 3/F, Unit 1, Building 22 66 Tianming Road Jinshui District, Zhengzhou Henan Province, the PRC Ms. YU Wing Sze (余詠詩) (an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom) 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Ms. WANG Na (王娜) No. 5, 3/F, Unit 1, Building 22 66 Tianming Road Jinshui District, Zhengzhou Henan Province, the PRC Ms. YU Wing Sze (余詠詩) 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong

Board Committees	**Audit Committee** Mr. WONG Yun Pun (黃潤濱) (Chairman) Ms. FAN Yun (樊耘) Mr. SONG Gewei (宋革委) **Nomination Committee** Mr. SONG Gewei (宋革委) (Chairman) Ms. FAN Yun (樊耘) Mr. LI Haitao (李海濤) **Remuneration Committee** Mr. LI Haitao (李海濤) (Chairman) Ms. FAN Yun (樊耘) Ms. WANG Na (王娜)
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
Cayman Islands Principal Share Registrar and Transfer Office	Campbells Corporate Services Limited Floor 4, Willow House Cricket Square, Grand Cayman KY1-9010, Cayman Islands
Principal Banks	Bank of China Zhengzhou University Road Branch 83 University Road Erqi District Zhengzhou City Henan Province, the PRC

Unless otherwise indicated, the information contained in this section is derived from various governmental and official publications, other publications and an independent report prepared by CIA, which was commissioned by us.

We believe that the sources of information are appropriate and we have taken reasonable and cautious care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact omitted will render such information false or misleading in any material respect. We, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriter or any of our or their respective directors, senior management, representatives and any other persons (other than CIA) involved in the Global Offering have not independently verified such information and made no representation as to the accuracy and completeness thereof. The relevant information and statistics may not be consistent with such other information and statistics compiled within or outside the PRC. As a result, you are advised not to place undue reliance on such information.

CIA AND ITS METHODOLOGIES

We purchased the right to use and quote various data from publications by CIA at a total cost of approximately RMB800,000. Established in 1994, CIA is a property research organization in the PRC with over 500 analysts. It covers more than 600 cities in China. CIA has extensive experience in researching and tracking the property management industry in the PRC, and has conducted research on the Top 100 Property Management Companies since 2008. In its research, CIA primarily considers property management companies that have managed at least ten properties on average or an average aggregate GFA of 500,000 sq.m. or above for the previous three years. CIA uses research parameters and assumptions and gathers data from a multitude of primary and secondary sources, including data from property management companies (including data from reported statistics, websites and marketing materials), surveys conducted, data from the China Real Estate Index System, public data from governmental authorities and data gathered for prior published reports. CIA derives its rankings of overall strength of property management companies primarily by evaluating each property management company's management scale, operational performance, service quality, growth potential and social responsibility. CIA assesses the growth potential of a property management company primarily in terms of revenue growth rate, growth rate of total GFA under management, growth rate of total contracted GFA, total number of employees and composition of employees. In this section, the data analysis is primarily based on that of the Top 100 Property Management Companies.

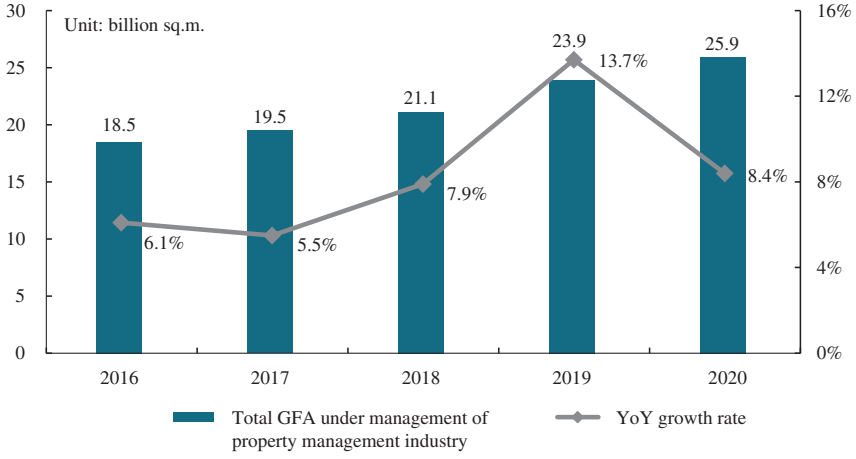
THE PROPERTY MANAGEMENT INDUSTRY IN THE PRC

Overview

In early 1980s, the establishment of China's first property management company marked the beginning of the history of the PRC property management industry. Since then, the PRC property management industry has experienced several stages of development, such as the initial stage, standardized stage and diversified stage. In 2003, the Provisions on Property Management (《物業管理條例》) were promulgated, providing a regulatory framework for the property management industry and pushing the industry into a standardized stage. Followed by the promulgation of 12th Five-Year Plan for the Development of the Service Industry (《服務業發展"十二五"規劃》) in 2012 which encourages property management companies to carry out diversified businesses, the PRC property management industry entered into a diversified stage. As more regulations were promulgated, an open and fair market system for the industry was established, which further encourages and promotes the development of the diversified, professional and standardized service of the PRC property management industry. PRC property management companies now provide services in relation to a wide range of properties including residential properties, commercial properties, office buildings, public properties, industrial parks, schools and hospitals, among others.

Moreover, the acceleration of the urbanization rate and the increase of average per capita disposable income for urban populations have facilitated the growth of the real estate and property management industry. From 1999 to 2020, the urbanization rate in China rose from 34.8% to 63.9%. The increase in the urbanization rate promoted the expansion of the real estate market in the urban areas and the growth of the property management industry. According to CIA, in 2020, PRC property management area was 25.9 billion sq.m., representing an increase of 7.4 billion sq.m. from 2016. According to CIA, there are more than 1,600 property management companies in Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta each with a GFA under management of 1 million sq.m. to 3 million sq.m.

The chart below sets forth the total GFA under management of the property management industry in China for the years indicated.



Source: CIA.

According to CIA, driven by the continued increase in GFA under management as illustrated above and the development of diversified value-added services, the total revenue of the property management companies in China reached approximately RMB623.2 billion in 2020, representing a CAGR of 10.5% from 2016 to 2020.

Major Revenue Models in the PRC Property Management Industry

Property management companies in the PRC generate revenue from property management services. Property management companies may also generate revenue from diversified value-added services, including, among others, consultancy services, engineering services and community value-added services such as common area operation, finance, property agency, e-commerce, housekeeping and cleaning and elderly care services.

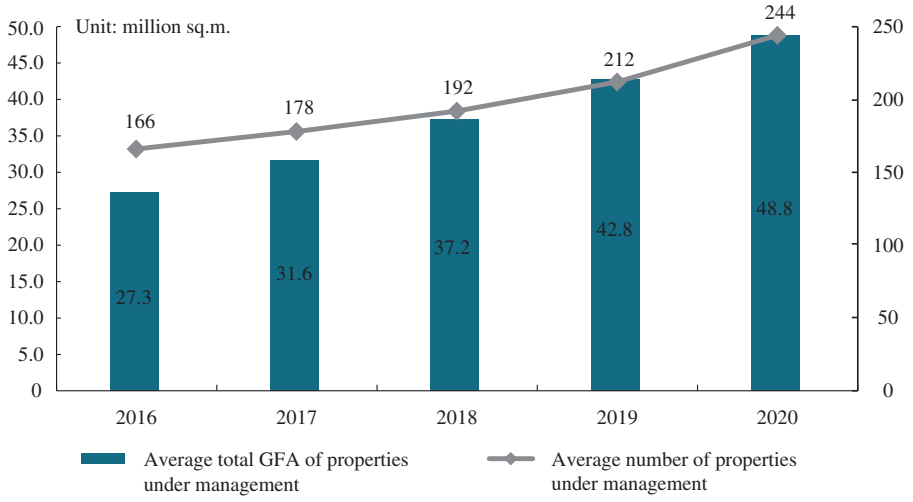
In the PRC, property management fees may be charged either on a lump sum basis or commission basis. The lump-sum fee model for property management fees is the dominant revenue model in the property management industry in China, especially for residential properties. The lump-sum fee model can improve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

Overview of the Top 100 Property Management Companies

With the rapid urbanization and continuous growth in per capita disposable income in recent years, the GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly. According to CIA, the average total GFA of properties managed by the Top 100 Property Management Companies increased to approximately 48.8 million sq.m. as of December 31, 2020 from approximately 27.3 million sq.m. as of December 31, 2016, representing a CAGR of 15.7%. The average number of properties managed by the Top 100 Property Management Companies increased to 244 as of December 31, 2020 from 166

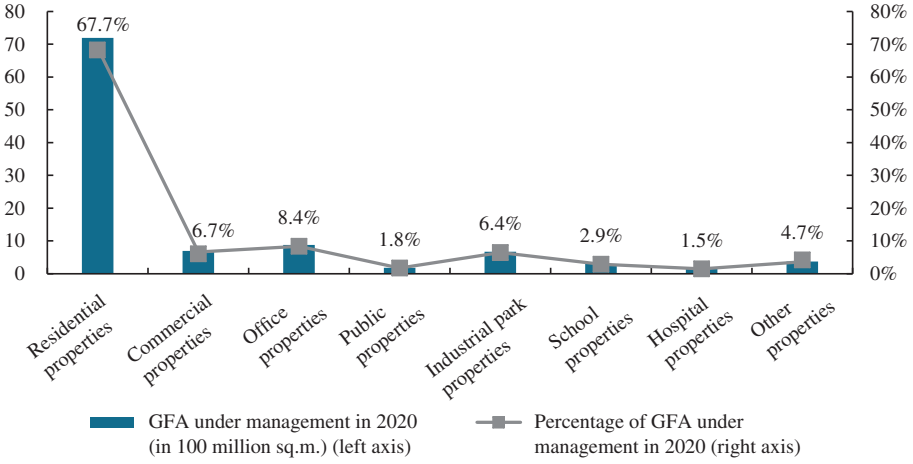
as of December 31, 2016, representing a CAGR of 10.1%. Owing to the significant growth in the GFA and number of properties under management, the average total revenue of the Top 100 Property Management Companies increased to approximately RMB1,173.4 million in 2020 from approximately RMB627.8 million in 2016, representing a CAGR of 16.9%. As of December 31, 2020, the average number of cities in which the Top 100 Property Management Companies had operations increased to 34, representing a CAGR of 5.0% since 2016, according to CIA.

The chart below sets forth the average total GFA and the average number of properties managed by the Top 100 Property Management Companies in China for the years indicated.



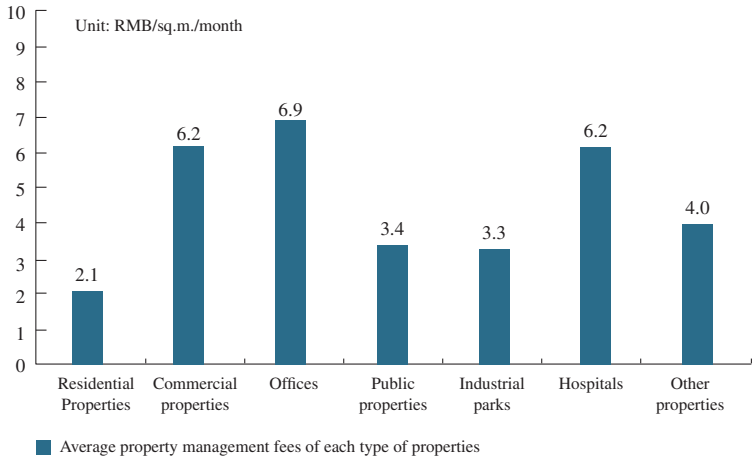
Source: CIA.

Among the properties under management, residential properties continue to be the dominant type of property. While residential properties still account for the largest percentage of the total GFA of properties under management, property management companies have sought to diversify the types of properties under their management. The chart below sets forth the proportion of the GFA per property type in the total GFA managed by the Top 100 Property Management Companies as of December 31, 2020.



Source: CIA.

According to CIA, property management fees are the main revenue source for most property management companies in PRC. In 2020, the average property management fees of the Top 100 Property Management Companies were RMB3.8 per sq.m. per month. In the PRC, the average property management fees for non-residential properties is generally higher than the average management fees for residential properties, according to CIA. The chart below sets forth the average property management fees of each type of properties managed by the Top 100 Property Management Companies for 2020.



Source: CIA.

In order to satisfy customer demand and get advantages in the intense competition, property management companies have sought to improve property management service quality and diversify their offering of products and services. Nowadays, properties management companies have created the concepts of "steward service," "one-stop service" and "all-round service" to meet various needs in their customers' daily life in terms of traditional property management services. In the process of promoting the concept of "Internet +," property management companies have increased their investment in information technology to establish standardized property management processes and reduce operating costs, which further leads to a higher quality of service and increased customer loyalty.

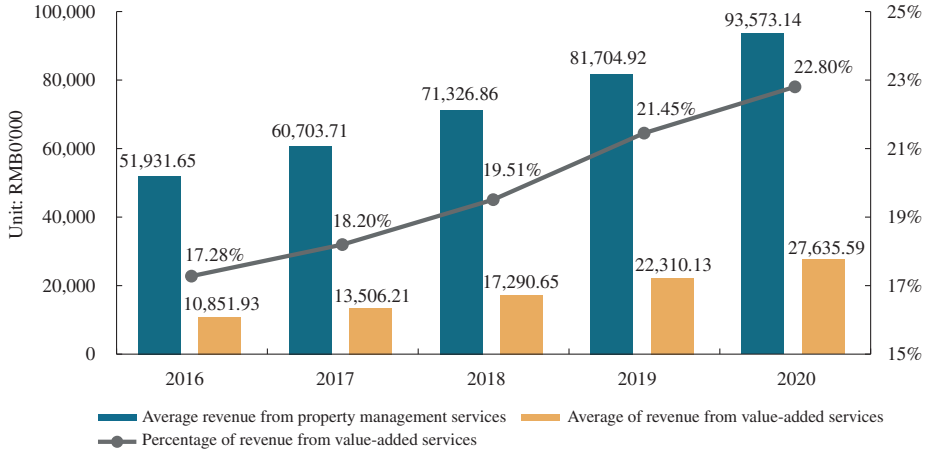
According to the CIA, the value-added service market in China's property management industry has a broad prospect under the promising of cross-border cooperation between intelligent technology and property management. In the future, more property management companies will take advantage of the opportunities of mobile internetization, informatization, digitalization and intelligence to deepen business integration with each other and carry out diversified value-added service business to further enhance their profitability. Under the effect of information technologies such as cloud application, e-commerce, internet of things, big data and artificial intelligence, some property management companies pay more attention to the application of technological elements to realize service upgrades through intelligent access control systems, intelligent building control systems, energy management systems and artificial intelligence products such as patrol robots and consulting robots to gradually replace manual operations and reduce costs and increase efficiency, and thus to achieve "technology modernization (技術現代化)". In addition, the property management companies also use the WeChat public number, mobile phone APP and other means to build a comprehensive

community service platform, explore and vigorously expand the community value-added service business to achieve "business diversification (業務多元化)" by applying the effective integration and distribution of community resources.

Recently, property management companies have also received further guidance and recognition from the PRC Government for the development of community value-added services and the construction of smart communities. According to CIA, in the future, enterprises will expand their community value-added services to other fields such as community space operation, community finance, community housing brokerage, community e-commerce, community housekeeping, community elderly care and so on, by adding technology and intelligent elements, and are committed to creating a one-stop comprehensive service platform to provide property owners with various services throughout their life cycle.

During the same time, revenue from value-added services becomes increasingly important for property management companies. The Top 100 Property Management Companies continued to optimize their revenue structure through the accelerated growth of value-added services. In 2020, the average revenue from value-added services of the Top 100 Property Management Companies was approximately RMB259.0 million and accounted for approximately 22.07% of their total revenue, which was 0.62 percentage points higher than that in 2019, according to CIA.

The chart below sets forth the revenue from property management services and value-added services of the Top 100 Property Management Companies from 2016 to 2020.



Overview of Property Management Industry in Henan Province

Henan Province is one of the most populous provinces in China, with rapid economic development. According to CIA, Henan's GDP amounted to RMB5,499.7 billion in 2020, ranking fifth among all provinces in China. Its GDP growth rate in 2020 was 1.3%. According to CIA, the average urbanization rate of Henan Province experienced a continuous growth, which increased from 46.8% in 2015 to 55.43% in 2020, and the permanent urban population of Henan reached 55.1 million in 2020. Under the influence of the steady increase in the level of urbanization, the per capita disposable income of residents in Henan continued to grow. The per capita disposable income of urban residents in Henan increased at a CAGR of 6.3% from 2015 to 2020, which has promoted economic stability and development of Henan.

As of December 31, 2020, the total GFA under management of Henan Province was approximately 1.73 billion sq.m., accounting for 6.7% of the total GFA under management in China. In recent years, with the continuous improving level of urbanization, Henan Province has been accelerating consumption upgrades while increasing the income level of residents, stimulating the increase in housing demand, and promoting the growing demand for quality property management services.

Industry Growth Drivers

According to CIA, the growth of China's property management industry depends on various key drivers:

Favorable Policies

Introduction of favorable laws, regulations and policies serves as a critical foundation for the healthy growth of China's property management industry. A series of favorable laws and rules have come into effect regulating various aspects of the property management industry and numerous policies enacted to promote its development. These include, but are not limited to, the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) promulgated in December 2014 and the Guidelines for Smart Communities Construction (Trial) (《智慧社區建設指南(試行)》) promulgated in May 2014. The State Council also promulgated the 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》) in June 2017, encouraging property management companies to expand their business operations and bring their expertise into rural areas. These laws and policies jointly create and will continue to improve a supportive and orderly environment and accelerate the development of the industry and property management companies in the PRC. For further details, see "Regulatory Overview".

On January 1, 2018, the Regulations of Henan Province on Property Management (2017) (《河南省物業管理條例》(2017)) ("**Henan Property Management Regulation**") came into force, which focuses on difficulties in the property management industry in Henan Province and regulations of the property management activities to protect the interests of property owners, property management companies and other property management parties. The Henan Property Management Regulation clarifies the responsibilities of the local government in property management, refines the property management services and provides specific requirements on the security of communities under management, use and management of parking spaces and garages, and the management and utilization of maintenance funds. In addition, on March 15, 2018, the Henan Provincial Department of Housing and Construction issued the Notice on the Work Related to Property Management Filing (《關於做好物業管理備案事項有關工作的通知》) ("**Notice on Property Management Filing**"), which requires filing of property management to be carried out throughout the province. The issuance of the Notice on Property Management Filing provides an important guarantee to comprehensively improve the property management level of communities, and lays the foundation for strengthening the in-process and post-event supervision by establishing various types of property management file information and basic data.

Growth in Demand for Property Management Service

There have been three peaks of population growth after 1949. In 2020, people who were born in the third population peak are 33 to 41 years old. As an age group with strong demand to purchase their first house or their first upgraded house, it will also have demand for related services, which in turn drives the growth of related industries, especially the property management industry. According to CIA, China's significant growth in urbanization and per capita disposable income provides tremendous potential for the growth of property management industry. The PRC property management industry has grown in tandem with a rising level of urbanization of the country over the years. The urbanization rate in China

increased from 34.8% as of December 31, 1999 to 63.9% as of December 31, 2020. According to CIA, the urbanization level of cities in Henan province has improved steadily, and the average urbanization rate of Henan has grown rapidly from 46.8% in 2015 to 55.4% in 2020 with a CAGR of 4.3%, which was higher than the CAGR of the growth of overall urbanization rate in China during the same periods and presents sufficient room for future development. With the acceleration of urbanization, it is expected that a large number of people will flow into urban areas of Henan in the future, which will drive the strong demand for urban property management services in Henan, suggesting great opportunities for service providers of urban property management in Henan to tap into an expanding market with additional potential customers. Moreover, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population, which increased to RMB43,834 per annum as of December 31, 2020, representing a CAGR of 7.0% since December 31, 2015. Such continuous growth in the per capita disposable income stimulated Chinese consumers' demand for higher quality property management services, which provides good opportunities for the rapid growth of the PRC property management industry. According to CIA, the per capita disposable income for urban population in Henan province also increased at a CAGR of 6.3% from 2015 to 2020. We believe the increases in the urbanization rate, the urban population and the per capita disposable income for urban population drive the growth of demand for property management services and promote the rapid development of the property management industry. Amid the superior urbanization rate and increasing per capita disposable income of urban population in recent five years in Henan, property management service providers in Henan could leverage advanced information technologies and present an effective approach that addresses many of the needs in residents' urban life to match the increasing living standards of people in Henan, according to CIA.

Growth in Supply for Commodity Properties

With the rapid urbanization and continuous growth in per capita disposable income, the supply of commodity properties also surged. The total GFA of commodity properties sold increased from approximately 1,285.0 million sq.m. as of December 31, 2015 to approximately 1,760.9 million sq.m. as of December 31, 2020, representing a CAGR of 6.5%. According to CIA, the total GFA of commodity properties sold in Henan was 141.0 million sq.m. in 2020, which ranked third among all provinces in China. The total GFA of commodity residential properties newly constructed in China increased by 45.3% from 1,544.5 million sq.m. as of December 31, 2015 to 2,244.3 million sq.m. as of December 31, 2020. The continuous expansion of the real estate market provides favorable opportunities for the rapid development of the property management industry.

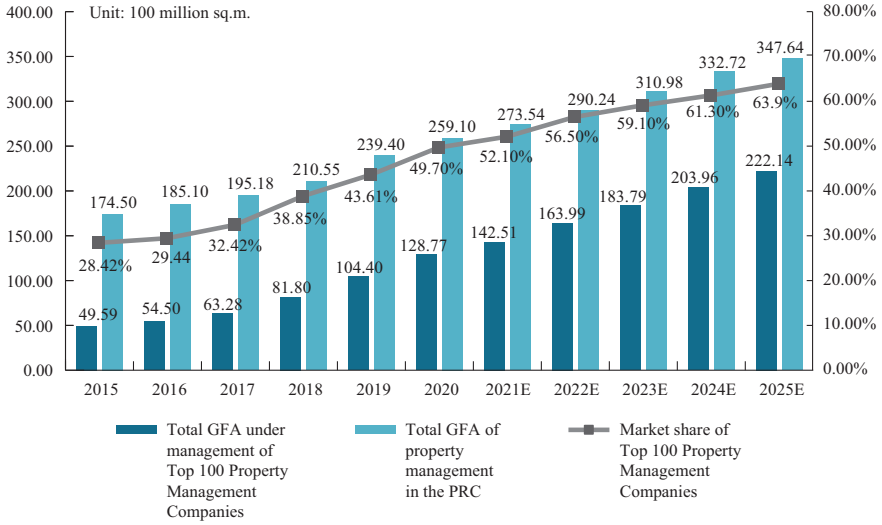
Trends in the PRC Property Management Industry

Key market trends of the property management industry in the PRC include:

Increased Market Concentration

According to CIA, the property management market continues to become more concentrated. In the fragmented and competitive property management industry, because of scale effect, large-scale property management companies are able to actively improve their strategic layout and accelerate their expansion in order to get more advantages in development. The total GFA under management by the Top 100 Property Management Companies increased from approximately 5.0 billion sq.m. in 2015 to approximately 12.9 billion sq.m. in 2020, representing a CAGR of approximately 20.9%.

The chart below sets forth the total GFA of property management companies in China, the total GFA managed by the Top 100 Property Management Companies and the aggregate market share of the Top 100 Property Management Companies in terms of the total GFA managed in the years indicated.



Source: CIA.

With the advent of the era of stock houses (存量房) in the real estate industry and the rapid development of the property management industry, the property management market will have more room for development and the industry concentration will further expand. According to CIA, the total GFA under management of the property management industry in China increased at a CAGR of 8.8% from 18.5 billion sq.m. as of December 31, 2016 to 25.9 billion sq.m. as of December 31, 2020, the total GFA under management of the Top 100 Property Management Companies increased from at a CAGR of 23.8% from 5.5 billion sq.m. as of December 31, 2016 to 12.9 billion sq.m. as of December 31, 2020. According to CIA, it is estimated that the total GFA under management of the property management industry in China will increase from 25.9 billion sq.m. as of December 31, 2020 to 35.5 billion sq.m. as of December 31, 2024, and the total GFA under management of Top 100 Property Management Companies will increase from 12.6 billion sq.m. as of December 31, 2020 to 22.2 billion sq.m. as of December 31, 2025.

Increasing Adoption of Intelligent Technology in Business and Diversified Services

Under the trend of the cross-border cooperation between smart technology and property management services, more and more property management companies take advantage of mobile interconnection, informatization, digitization and intelligence to deepen business integration, develop diversified value-added service businesses, and further enhance corporate profitability. For example, artificial intelligence technologies such as smart entrance pass, smart building management, smart energy management, patrol robots, delivery robots and consultancy robots largely reduced the labor costs of property management companies. In addition, by adopting service platforms such as WeChat public accounts and mobile applications, property management companies could effectively integrate and allocate resources to provide diversified community value-added services and further expand their services to common space management, community finance, property agency, e-commerce, housekeeping, community elderly care, etc. As a result, the revenue generated from value-added services increasingly becomes increasingly important for property management companies.

Increasing Needs for Professional Staff

For one thing, with the rapid technology developments, the property management companies need to recruit more qualified professional talents with management and technological skills. For another, property management companies also increasingly outsource

labor-intensive aspects of their operations such as cleaning, greening and security to professional sub-contractors while placing greater emphasis on recruiting and training professional and skilled employees to improve the property service quality and meet the residents' demands.

Increasing Support from Capital Markets

Recently, the development of capital markets continues to heat up. There are increasing number of property management companies becoming public listed to expand their funding channels, and accelerate their development. For example, such listed property management companies are able to speed up innovating their services, build up intelligent platforms, strengthen the cooperation, upgrade service quality and increase operational efficiency. In addition, diversified funding sources enable the property management companies to achieve business expansion through selective and strategic mergers and acquisitions.

Increasing Adoption of Independent Market-based Operation

In the past, property management companies are better able to expand their business and market coverage through undertaking contracts for properties developed by their affiliated property developers. Recently, as the marketization of the property management industry deepens, property management services are primarily charged on market-regulated price, property management companies need to adopt market-based operational strategies and explore new property management projects and value-added service projects in line with the market discipline.

Increasing Standardization of Services

Standardization is the foundation for the sustainable expansion of business operations across regions, and allows property management companies to improve their service quality. The PRC Government has issued Guidelines for Accelerating the Development of Consumer Services and Promoting the Upgrading of Consumption Structure (關於加快發展生活性服務業促進消費結構升級的指導意見) in November 2015. According to CIA, such policy is to introduce the idea of standardizing the quality of property management services. Many of the Top 100 Management Companies in China have established internal standardized operating procedures to provide better services and lower their operational cost. The standardized operation of property services can not only improve the owner's residential satisfaction, but also become an important trend in the future development of the property management industry.

Evolving Regulatory Policies

In recent years, the PRC Government has promulgated a series of regulatory policies to strengthen market supervision and improve quality management of properties management companies, such as the Guidelines for Accelerating the Development of Consumer Services and Promoting the Upgrading of Consumption Structure (關於加快發展生活性服務業促進消費結構升級的指導意見) issued in November 2015 and the Notice on Effectively Implementing the Work of Cancelling the Qualification Accreditation for Property Management Enterprise (關於做好取消物業服務企業資質核定相關工作的通知) issued in December 2017. For further details, see "Regulatory Overview". With the support of favorable national policies, the properties management industry has shown strong development potential, and according to CIA, the property management industry will become more transparent and honest.

THE IMPACT OF COVID-19 OUTBREAKS ON THE PRC

Toward the end of 2019, the COVID-19 pandemic broke out and quickly spread across the globe. According to CIA, faced with the outbreak of COVID-19, the short-term operational cost and management pressure of property management companies may increase, mainly due to the increased cost for purchasing hygienic or protective supplies to ensure the health and

safety of their staff and for compensating their staff and subcontractors with additional on-duty allowances. However, in the long term, the impact of COVID-19 is limited and it has presented opportunities for property management companies. Considering the property management companies' anti-cyclical and anti-risk characters, more capital would be attracted into property management industry. Moreover, more and more property owners will stay at home because of COVID-19, giving the property management companies an opportunity to explore the new demand of property owners to expand their service scope accordingly, and in turn increase the property management companies' revenue. According to CIA, because of the continuous service offering during the outbreak of COVID-19, property owners now will have deeper trust in property management industry, which would enable high-quality property management companies to establish their brand and reputation quickly.

HISTORICAL PRICE TRENDS

Property management services market is labor-intensive and labor cost (not including sub-contracting expenses) is a large component of property management services companies' cost of services. 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.

According to CIA, the labor cost (exclusive of subcontracting cost) of the Top 100 Property Management Companies accounted for 57.8%, 59.1% and 58.3% of their total cost of sales, respectively, in 2018, 2019 and 2020. If taking into account of subcontracting cost, according to the CIA, labor cost including subcontracting cost in the PRC property management industry generally range from 65% to 89% of cost of sales. In the PRC, the governments at provincial and local levels issued the standards of the minimum wage. In recent years, the minimum wage has increased significantly in various regions, which directly increases the labor costs. Moreover, the number of employees of the Top 100 Property Management Companies constantly increases with the necessity of business expansions, the fees on training and labor management also have increased correspondingly in the last few years.

According to CIA, property management companies may reduce their overall cost of sales by optimizing traditional property management services through application of advanced technologies, enhancing energy saving and upgrading devices for efficient monitor and management. By doing so, the Top 100 Property Management Companies are able to reduce the reliance on human resource, increase operational efficiency and raise service quality. According to CIA, the operating cost ratio of the Top 100 Property Management Companies was 76.4%, 76.0% and 75.5%, respectively, in 2018, 2019 and 2020.

COMPETITION

Competitive Landscape

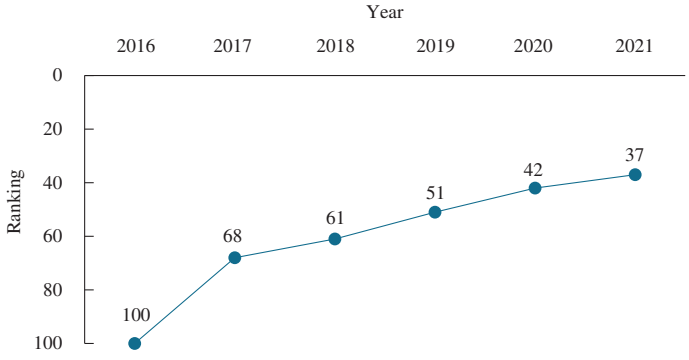
In the PRC, the property management market is highly competitive and fragmented. In recent years, the trend of concentration in the property management industry has become more obvious, and the differentiation of enterprises at different levels is intensifying. Property management industry has accelerated its development towards capitalization and specialization. At the same time, property management companies continued to expand its own business scale. As of the end of 2020, there were nearly 140,000 property management companies in the PRC. Property management companies carry out differentiated competition strategies and can be divided into large-scale property management companies nationwide, property management companies rooted in regional markets deeply and characteristic property management companies specialized in certain fields.

Our property management services primarily compete with large national, regional and local property management companies. Our community value-added services compete with other property management companies and engineering companies that provide similar services. For example, our community value-added services to property owners and residents

may compete with vendors and e-commerce businesses that sell food and groceries, and may also compete with property agents in selling and leasing services as well as with advertising companies for advertising services.

Major property management companies in China gained more advantages in the recent years as they experienced steady growth in GFA under management. The market share of Top 100 Property Management Companies in terms of total GFA under management amounted to 49.7% in 2020, compared with 43.6% in 2019. According to CIA, we ranked 37th among the Top 100 Property Management Companies in China in terms of overall strength in 2021, representing an improvement of 63 places upwards from our rank of 100th in 2016.

The chart below sets forth the ranking of our Group among the Top 100 Property Management Companies in China in terms of overall strength in the years indicated.



Source: CIA.

The following table shows our ranking in terms of revenue for 2020 among the Top 100 Property Management Companies that are headquartered in Henan province:

Ranking	Name of Companies	Background	Listing Status	Revenue
				(million RMB)
1	Company A	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Listed	2,654.5
2	Company B	a property management company headquartered in Zhengzhou that provides property management services for commercial properties and offices	Not listed	969.7
3	Our Group		Not listed	575.6
4	Company C	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Not listed	398.2

Ranking	Name of Companies	Background	Listing Status	Revenue
				(million RMB)
5	Company D	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Not listed	267.7

The following table shows our ranking in terms of GFA under management as of December 31, 2020 among the Top 100 Property Management Companies that are headquartered in Henan province:

Ranking	Name of Companies	Background	Listing Status	GFA under management
				(million sq.m.)
1	Company A	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Listed	100.0
2	Our Group		Not listed	15.7
3	Company B	a property management company headquartered in Zhengzhou that provides property management services for commercial properties and offices	Not listed	13.2
4	Company C	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Not listed	11.8
5	Company E	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Not listed	8.7

The following table shows our ranking in terms of contracted GFA as of December 31, 2020 among the Top 100 Property Management Companies that are headquartered in Henan province:

Ranking	Name of Companies	Background	Listing Status	Contracted GFA
				(million sq.m.)
1	Company A	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Listed	186.6
2	Our Group		Not listed	39.0
3	Company C	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Not listed	17.0
4	Company B	a property management company headquartered in Zhengzhou that provides property management services for commercial properties and offices	Not listed	16.0
5	Company E	a property management company headquartered in Zhengzhou that provides comprehensive property management services	Not listed	14.3

We were deeply rooted in Henan Province during the Track Record Period. According to CIA, Henan Province ranked fifth in China in term of GDP in 2020 and Henan's economic strength has gradually increased in the past five years. As of December 31, 2020, we had total GFA of approximately 15.7 million sq.m. under management, which ranked second among the Top 100 Property Management Companies headquartered in Henan Province in terms of GFA under management.

We recognized net profit of RMB91.8 million in 2020, representing an increase of 52.6% from 2019 to 2020. Our revenue increased at 58.6% to RMB575.6 million in 2020, which enables us to rank second in terms of the year-on-year revenue growth rate and third in terms of revenue in 2020 among the Top 100 Property Management Companies that are headquartered in Henan Province.

With the increasing diversification of services, our revenue from value-added services (including value-added services to non-property owners and community value-added services) accounted for 55.7% of our total revenue for 2020, which, according to CIA, is higher than that of the Top 100 Property Management Companies being 22.1% for the same year.

Entry Barriers

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

- ***Brand:*** For property management companies, brand reputation is an important factor. When selecting property management service providers, consumers may prioritize companies that have years of good management operations, strong brand reputation and recognized service quality. Therefore, new participants, without any established brand or cultivated business relationship with industry participants, are facing increasing difficulty in penetrating the market.
- ***Capital requirement:*** Following the growth in the scale of property management companies, intensive capital investment is required as the property management companies adopt automation and intelligent technologies to improve their management efficiency through equipment purchase, smart community construction and IT system. Capital availability serves as high barriers to new participants with limited financing ability.
- ***Quality of management:*** Experience and expertise of management team become significant factors to the competitiveness of property management companies. Property management companies with profound management experience are at an advantages in managing more properties and post-investment companies.
- ***Talent specialization and technical expertise:*** With the application of the big data and Internet technologies in the property management industry, qualified employees are increasingly demanded. Recruiting, retaining and training high-quality professional employees are considered as a main hurdle for new participants.

DIRECTORS' CONFIRMATION

As of the Latest Practicable Date, after taking reasonable care, our Directors confirm that there was no adverse change in the market information since the respective dates of the various data contained herein, which may qualify, contradict or have an impact on the information in this section.

POLICIES RELATING TO FOREIGN INVESTED PROPERTY MANAGEMENT INDUSTRY

According to the Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》) (issued on February 11, 2002 and came into effect on April 1, 2002), foreign investment projects are divided into four categories, namely "encouraged", "permitted", "restricted" and "prohibited" categories. Foreign investment projects of the encouraged, restricted and prohibited categories are listed in the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》). Foreign investment projects that are not of the encouraged, restricted and prohibited categories belong to the permitted foreign investment projects which are not listed in the Catalog of Industries for Guiding Foreign Investment.

Pursuant to Announcement of the NDRC and the MOFCOM [2016] No. 22 (《中華人民共和國國家發展和改革委員會、中華人民共和國商務部公告2016年第22號》) issued and came into effect on October 8, 2016, the special management measures for foreign investment access shall be implemented with reference to the relevant regulations as stipulated in the Catalog of Industries for Guiding Foreign Investment in relation to the restricted foreign-invested industries, prohibited foreign-invested industries and encouraged foreign-invested industries. Pursuant to the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) promulgated on October 8, 2016, last amended and implemented on June 30, 2018 and expired on January 1, 2020, establishment and modifications of foreign investment enterprises that are not subject to the approval under the special management measures for foreign investment access shall be filed with the delegated commercial authorities.

The Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》) and the Catalog of Industries for Guiding Foreign Investment (2017 Revision) (《外商投資產業指導目錄(2017年修訂)》), which was issued on June 28, 2017, came into effect on July 28, 2017 and expired on July 28, 2018, classify industries to be invested by foreign investors into two categories: encouraged industries and industries contained in the Negative List (including restricted industries and prohibited industries). Foreign investment can directly invest in an encouraged industry by setting up a wholly foreign-owned enterprise. For industries contained in the restricted industries, foreign investment may be conducted through the establishment of a wholly foreign-owned enterprise, subject to certain requirements, and in some cases, the establishment of a joint venture enterprise is required with varying minimum shareholdings for the Chinese party depending on the particular industry. Foreign investment of any kind is not allowed to invest in a prohibited industry. Any industry not falling into any of the encouraged, restricted or prohibited industries is a permitted industry, which is generally open to foreign investment unless specifically prohibited or restricted by other PRC regulations. And the property management industry is an industry that allows foreign investors to make investments.

Pursuant to the Special Administrative Measures (Negative List) for Access of Foreign Investment (Edition 2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (issued on June 23, 2020 and came into effect on July 23, 2020), sectors not specified in the Negative List shall be subject to administration under the principle of treating domestic investments and foreign investments equally. Foreign investors shall not invest in any of the prohibited sectors specified in the Negative List; they must obtain the permit for access of foreign investments if they intend to invest in other sectors that are not prohibited. The property management industry does not fall within the Negative List.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was issued on March 15, 2019, came into effect on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《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 PRC (《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 PRC, together with their implementation rules and ancillary regulations. The existing foreign-invested enterprises established prior to the effective of the Foreign Investment Law of the PRC may keep their corporate forms within five years. The implementing rules of the Foreign Investment Law of the PRC will be stipulated separately by State Council.

Pursuant to the Foreign Investment Law of the PRC, "foreign investors" means natural person, enterprise, or other organization of a foreign country, "foreign-invested enterprises" (FIEs) means any enterprise registered and established in the PRC under the PRC law that is wholly or partially invested by foreign investors and "foreign investment" means any foreign investor's direct or indirect investment in mainland China, including: (i) establishing FIEs in mainland China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (iii) investing in new projects in mainland China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations, or State Council provisions.

Pursuant to the Foreign Investment Law of the PRC, China implements the management system of pre-establishment national treatment plus a Negative List to foreign investment. The State shall not expropriate any foreign investment except under special circumstances. Under special circumstances, the State may levy or expropriate the investment of foreign investors in accordance with the law for the needs of the public interest. The expropriation and requisition shall be conducted in accordance with legal procedures and timely and reasonable compensation shall be given. Foreign investors shall not invest in any sector forbidden by the Negative List for access of foreign investment; for any sector restricted by the Negative List, foreign investors shall conform to the investment conditions provided in the Negative List; sectors not included in the Negative List shall be managed under the principle that domestic investment and foreign investment shall be treated equally. Foreign investors in the industries and fields that require permission according to the law to invest, shall apply for the relevant permission procedures; the competent departments shall examine the foreign investors' applications for permission in accordance with the same conditions and procedures as those for

domestic investors, except as otherwise provided by law and administrative regulations. In addition, foreign investors or foreign-funded enterprises shall submit the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system and foreign investment shall be subject to the national security review.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (issued on December 30, 2019 and came into effect on January 1, 2020), for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or FIEs shall submit investment information to the commerce authorities pursuant to these measures.

LEGAL REGULATIONS OVER PROPERTY MANAGEMENT SERVICES

Qualification of Property management companies

According to the Regulations on Property Management (《物業管理條例》) (issued on June 8, 2003 and last revised and came into effect on March 19, 2018), a qualification system for companies engaging in property management activities has been adopted.

According to the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》) issued and came into effect on January 12, 2017, province and city level second class or below property management company qualifications acknowledged by Provincial and municipal government departments of Housing and Urban-Rural were canceled.

According to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》) issued and came into effect on September 22, 2017, qualification accreditation for property management companies of Level One was canceled.

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

Pursuant to 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》) issued and came into effect on March 19, 2018, all the qualification requirements for the property management companies under the Regulations on Property Management were removed.

Appointment of Property Management Companies

According to the Property Law of the PRC (《中華人民共和國物權法》) (issued on March 16, 2007, came into effect on October 1, 2007 and repealed on January 1, 2021) and the Civil Code of the PRC (《中華人民共和國民法典》) (issued on May 28, 2020 and came into effect on January 1, 2021), property owners can either manage the buildings and ancillary facilities by themselves or engage a property management company or custodians. As regards the property management company or any other custodians hired by the developer, property owners are entitled to alter it in accordance with law. Property management companies or other custodians shall manage the buildings and ancillary facilities within the area of the building as agreed with the property owners, and shall be subject to the supervision by them.

According to the Regulations on Property Management, the property owners' association, on behalf of the property owners, can sign property management contract with property management companies engaged at the general meeting. Before the engagement of a property management company by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property management company. The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' association and the property management company comes into force within the term of preliminary property management, the preliminary property management contract terminates. Property developers of residential buildings shall select property management companies through tender process. If there are fewer than three bidders or for small-scale properties, the developer can select and hire property management companies by entering into an agreement with the approval of the real estate administrative department of the district or county government of the place where the property is located.

According to the Civil Code of the PRC (issued on May 28, 2020 and came into effect on January 1, 2021), 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 areas and representing more than two-thirds of the total number of property owners, and the general meeting of the property owners can engage and dismiss a property management enterprise with affirmative votes of property owners who participate in the voting and hold more than half of the exclusive area owned by the voting owners and who represent more than half of the total number of property owners participating in voting.

According to the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (issued on June 26, 2003 and came into effect on September 1, 2003), developer of residential buildings and non-residential buildings in the same property management area shall engage qualified property management companies by inviting bid. If there are fewer than three bidders or for small-scale properties, the developer can select and hire qualified property management companies by entering into an agreement with the approval of the real estate administrative department of the district or county government of the place

where the property is located. Where the developer fails to hire the property management enterprise through a tender and bidding process or hire the property management enterprise by signing agreement without the approval, the competent real estate administrative department of the local government at the county level or above shall order it to make correction within a prescribed time limit, issue a warning and impose with the penalty of no more than RMB100,000.

Pursuant to the Regulations of Henan Province on Property Management (《河南省物業管理條例》) (announced on September 30, 2017 and came into effect January 1, 2018) and the Interim Measures for Tender and Bidding Management of Preliminary Property Management of Henan Province (《河南省前期物業管理招標投標管理暫行辦法》) (announced and came into effect on February 27, 2018), before handling the pre-sale permit for commercial housing or the registration of the sale of existing houses, the developer shall, according to the designated property management area, select and employ property management companies by means of bidding, and sign the preliminary property management contract and provide preliminary property service. The developer of residential and non-residential properties shall, by means of bidding and tendering, select and employ preliminary property management companies to implement preliminary property management. Property owners and the owners' general meeting are encouraged to select and employ property management companies by means of bidding and tendering to implement property management. Measures may be taken against the property management service providers by the property management administrative department of the People's Government at or above the county level according to the relevant laws and regulations, and may result in a bad record, for providing property management service under the aforementioned preliminary property management agreements which have not gone through the tender and bidding process.

Procedures to Convene a General Meeting of Property Owners and Establish a Property Owners' Association

According to the Regulations on Property Management, the property owners within a single property management area shall, under the direction of street office or township people's government or the real estate administration department of the county or district people's government where the relevant real estate is situated, convene a general meeting of property owners and elect a property owners' association. However, where there is only one property owner or where there are relatively few property owners and they are all in agreement, the property owners(s) may choose not to convene a general meeting of property owners, in which case the functions assigned to both a general meeting of property owners and property owners' association shall be performed by the owner(s).

According to the Regulations of Regulations of Henan Province on Property Management (《河南省物業管理條例》), if one of the following conditions is met, the first general meeting of property owners (首次業主大會) shall be convened, namely, (i) the floor area of the properties that were sold and put into use reaches more than 50%; (ii) more than 30% of the owners have moved in; (iii) property management company terminates the contract within the contract period or 90 days before the expiration of the preliminary property management

contract. If the conditions for setting up a general meeting of the property owners are satisfied, either the developer, or more than 10 owners jointly, can apply for the establishment of a preparatory group for the first general meeting of property owners (首次業主大會籌備組). The street office or the township people's government shall be responsible for organising the preparatory group for the first general meeting of property owners within 30 days after obtaining the above application, and shall, within 60 days after the establishment of the preparatory group, organise and convene the first general meeting of property owners. A property owners' association shall in principle be elected at the first general meeting of property owners in accordance with the law and shall perform the duties empowered by the general meeting of property owners, implement the matters as decided at the general meeting of property owners, and supervised by the property owners. The property owners' association shall, within 30 days as at the date of election, file its establishment with the street office or the township people's government at the locality of the property and copy the filing to the property administration department of the county or district by the aforementioned government department.

Property Service Charges

According to Administrative Measures for Property Service Charges (《物業服務收費管理辦法》) (issued on November 13, 2003 and came into effect on January 1, 2004), property management companies are permitted to charge property service fees from property owners for repairing, maintaining and managing houses as well as their accompanying facilities and equipment and relevant sites, and ensuring the sanitation and order of relevant areas according to relevant property management contracts. The fees charged by property management companies nationwide are regulated by the competent price administration department and construction administration department of the State Council. The competent price administration department of the local people's governments at or above the county level and the competent property administration departments at the same level are responsible for supervising and regulating the property service charges in their respective administrative regions. The fees charged by property management companies shall be based on both the government guidance price and market regulated price on the basis of the nature and features of relevant properties. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the people's governments of each province, autonomous region and municipality directly under the Central Government.

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

deficit. Property management companies shall charge service fees at an expressly marked prices according to the regulations of competent price administration departments of the people's government, revealing the service information, standards, charged items and standards to the public at prominent positions within the property management region.

According to the Regulation on Property Management Service Fee with Clear Price Tag (《物業服務收費明碼標價規定》) (issued on July 19, 2004 and came into effect on October 1, 2004), property management companies shall clearly mark the price, as well as state service items and standards and relevant information on services (including the property management services as stipulated in the property management service agreement as well as other services requested by property owners) provided to the owners. If the charging standard changes, property management companies shall adjust all relevant information one month before implementing the new standard and indicate the date of implementing the new standard. Property management companies shall neither use any false or misleading price items or mark prices in a false or misleading manner to commit price fraud, nor charge any fees not clearly specified, other than those expressly marked.

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

According to the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) issued and became effective on December 17, 2014, the competent price administration departments of all provinces, autonomous regions and municipalities directly under the Central Government are supposed to make efforts to perform relevant procedures to decontrol property service charges for non-government supported houses.

In accordance with Opinions on Further Deepening Price Reforms of the People's Government of Henan Province (《河南省人民政府關於進一步深化價格改革的意見》) issued and came into effect on June 11, 2015, the price reform in key areas will be further promoted, and property service charges for non-government supported houses will be decontrolled and market-regulated prices will be implemented.

According to the Regulations of Henan Province on Property Management, property service charges should be kept relatively stable. If adjustments are necessary, the property management companies shall consult with the property owners' association and obtain the consent from the general meeting of property owners if any adjustment is necessary; if no general meeting of property owners is established, the approval of the property owners who account for more than half of the total GFA of the building and more than half of the total number of property owners shall be obtained.

LEGAL REGULATIONS OVER THE INTERNET INFORMATION SERVICES

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was issued by the State Council on September 25, 2000 and revised on January 8, 2011, internet information service refers to the provision of information through internet to web users, and includes two categories: commercial and non-commercial. Commercial internet information service refers to the service activities of compensated provision to online subscribers through the internet of information or website production. Non-commercial internet service refers to the provision free of charge of public, commonly-shared information through the internet to web users. As for the operation of commercial internet information services, an application for a license for value-added telecommunication services of internet information services shall be submitted to the telecommunication administrative department of each province, autonomous region and municipality directly under the Central Government or the State Council's department in charge of the information industry. As for the operation of non-commercial internet information services, record-filing with the telecommunication administrative department of each province, autonomous region and municipality directly under the Central Government or the State Council's department in charge of the information industry is required. Internet information service provider shall provide services within the scope of their licenses or filing. Non-commercial internet information service providers shall not provide services with charge of payment. In case an internet information service provider changes its services, website address, *etc.*, it shall submit such changes within 30 days in advance at the original approving authority or record-filing authority.

According to the Provisions on Administration of Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (issued on June 28, 2016 and came into effect on August 1, 2016), entities providing information services through mobile internet applications shall obtain relevant qualifications required by applicable laws and regulations according to law. Mobile internet application providers and the internet application store providers shall not use mobile internet application program to carry out activities prohibited by laws and regulations, such as endangering national security, disturbing public orders, and infringing other's legal rights and interests, or use mobile internet applications to produce, copy, publish and spread illegal information prohibited by laws and regulations. The Cyberspace Administration of China shall be responsible for the supervision and administration of information on mobile internet applications. The local cyberspace administrations shall be responsible for the supervision and administration of information on mobile internet application program within the administrative regions.

LEGAL REGULATIONS OVER REAL ESTATE BROKERAGE BUSINESS

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) (issued on July 5, 1994, last revised on August 26, 2019 and came into effect on January 1, 2020), real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, *etc.* Real estate intermediate agencies shall meet the following conditions: (i) have their own name and organization; (ii) have a fixed business site; (iii) have the necessary assets and funds; (iv) have a sufficient number of professionals; and (v) 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 on January 20, 2011, last revised on March 1, 2016 and came into effect on April 1, 2016), real estate brokerage refers to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient real estate agents shall be equipped to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the competent housing and urban-rural development (real estate) authority the local municipality/city/county for filing formalities within 30 days from the date of receiving business licenses.

LEGAL REGULATIONS OVER CATERING SERVICES

With the purpose of guaranteeing food safety and safeguarding the health and life safety of the public, Standing Committee of the National People's Congress enacted the PRC Law on Food Safety (《中華人民共和國食品安全法》) on 28 February 2009 which was last amended and came into effect on April 29, 2021. On July 20, 2009, the State Council issued the Implementation Rules of the Food Safety Law (《中華人民共和國食品安全法實施條例》), which was last revised on October 11, 2019 and came into effect on December 1, 2019. On August 31, 2015, the China Food and Drug Administration announced the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》), which was amended and came into effect on November 17, 2017. On September 30, 2015, the China Food and Drug Administration announced the Announcement on Launching the Use of Food Business License (《關於啟用<食品經營許可證>的公告》), which came into effect on October 1, 2015.

Under above measures, a food operation permit shall be obtained in accordance with the law to engage in food selling and catering services within the territory of the PRC. Pursuant to the PRC Law on Food Safety (《中華人民共和國食品安全法》), entities engaging in food production and operation activities without obtaining a food production and operation permit may be subject to: (i) confiscation of illegal gains, food illegally produced for sale and tools, facilities and raw materials used for illegal production; and (ii) fines ranged from RMB50,000 and RMB100,000 if the value of food illegally produced is less than RMB10,000 or fines equal to 10 to 20 times of the value of food if such value is equal to or more than RMB10,000.

LEGAL REGULATIONS OVER LIFESTYLE SERVICES

Pursuant to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), which was announced on October 31, 1993 and was last amended on October 25, 2013 and became effective on March 15, 2014, business operators shall fulfill the obligations stipulated in the relevant laws, regulations and the obligations agreed upon in the agreements reached between business operators and consumers. Business operators shall guarantee that the goods and services they supply meet the requirements concerning personal or property safety. A consumer, who suffers personal injury or property damage as a result of purchasing or using commodities or receiving services, is entitled to compensations according to the relevant law. Where the commodity or service provided by a business operator does not comply with the quality requirements, the consumer may return the commodity, or require the business operator to perform its obligations such as replacement or repair according to the requirements of the State or the agreement between the parties. A consumer, whose legitimate rights and interests are infringed while purchasing or using goods, has the right to claim for compensations from the seller concerned. Where the liability is with the manufacturers or other sellers who provide the goods to the said seller, the seller shall, after paying the compensations to the consumer, have the right to claim compensations from the manufacturers or the other sellers. Consumers or other victims suffering from personal injuries or property damages due to defects of goods have the right to claim compensations either from the sellers or from the manufacturers of the products. If the liability is with the manufacturers, the sellers shall, after paying the compensations, have the right to claim compensations from the manufacturers; if the liability is with the sellers, the manufacturers shall, after paying the compensations to the consumer, have the right to claim compensations from the sellers. Consumers whose legitimate rights and interests are infringed while receiving services have the right to claim compensations from providers of the services.

Pursuant to the Measures for Punishments against Infringements on Consumer Rights and Interests (《侵害消費者權益行為處罰辦法》), which was issued by the SAIC on January 5, 2015, became effective on March 15, 2015, and last amended and became effective on October 23, 2020, administrations for market supervision and management shall, in accordance with the provisions of the Law of the Protection of Consumer Rights and Interests (《消費者權益保護法》) and other relevant laws and regulations and the Measures, protect the rights and interests of consumers when they purchase and use goods or receive services for daily consumption needs, and mete out administrative penalties against activities committed by business operators that infringe upon consumer rights and interests.

Pursuant to the Opinions of the State Administration for Industry and Commerce on Enhancing the Protection of Consumers' Rights and Interests in the Internet Sector (《工商總局關於加強互聯網領域消費者權益保護工作的意見》), which was issued and came into effect on October 19, 2016, to further strengthen the protection of consumers' rights and interests in the internet sector, SAIC decided to carry out supervision and law enforcement in the key fields of the protection of online consumers' rights and provided the following opinions: (i) adhering to integrated supervision and administration to protect consumers' legitimate rights and interests in the internet sector in accordance with the law; (ii) adhering to highlighting key

points and effectively reinforcing the supervision and administration of the quality of goods traded online; (iii) adhering to the principle of problem-oriented, and crack down on the illegal acts infringing consumers' rights and interests in online trading; (iv) adhering to reform and innovation, improving the online complaints and after-sales rights protection mechanism for online trading; (v) adhering to information disclosure, and promoting the construction of the network operators' integrity and self-discipline system; (vi) adhering to joint social governance and building a long-term mechanism for the protection of consumers' rights and interests in the internet sector; and (vii) adhering to education and guidance to improve online consumers' self-protection awareness and ability.

LEGAL REGULATIONS OVER LABOR PROTECTION

The Labour Law of the PRC (《中華人民共和國勞動法》) (promulgated on July 5, 1994, last amended and implemented on December 29, 2018) regulates the issues relating to promotion of employment, employment contracts, working hours and rest days and holidays, wages, occupational safety and health, special labour protection for female worker and juvenile workers, training of vocational skills, social insurance and welfare and settlement of labour disputes.

Pursuant to the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (promulgated on June 29, 2007, amended on 28 December 2012 and implemented on July 1, 2013) and the Regulation on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (promulgated and implemented on 18 September 2008), an employer's employment relationship with an employee is established on the date it starts employing the employee and a written employment contract shall be concluded. These laws and regulations govern the execution, performance, amendment, cancellation and termination of employment contracts and safeguard the rights and interests of the employees.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (promulgated on October 28, 2010 and last amended and implemented on December 29, 2018), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (promulgated on January 22, 1999 and last amended and implemented on March 24, 2019), the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》) (promulgated on December 14, 1994 and implemented on 1 January 1995), the Regulation on Work-Related Injury Insurance (《工傷保險條例》) (promulgated on April 27, 2003, amended on December 20, 2010 and implemented on 1 January 2011), the Regulations on Unemployment Insurance (《失業保險條例》) (promulgated and implemented on January 22, 1999), the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》) (promulgated on April 3, 1999 and last amended and implemented on March 24, 2019), employers in the PRC should make contributions to social insurance funds, including the basic pension insurance fund, basic medical insurance fund, occupational injury insurance fund, unemployment insurance fund and maternity insurance fund, and housing provident fund for their employees. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection institution shall order it to pay or make up the balance within a prescribed time limit,

and shall impose a fine for delaying payment at the rate of 0.05% of the outstanding amount from the date of default; if still failing to pay within the prescribed time limit, a fine of one time to three times the amount in default will be imposed on the employers by the relevant administrative departments. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

According to the Interim Provision on Labor Dispatch (《勞務派遣暫行規定》) (promulgated on January 24, 2014 and came into effect on March 1, 2014) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), an employer shall strictly control the number of dispatched workers it employs, which shall not exceed 10% of the total number of employees; employers that violate above regulations shall be ordered by the labor administrative department to make corrections within a prescribed time period; if the employer fails to do so within the prescribed time, it shall be fined not less than RMB5,000 but not more than RMB10,000 per employee.

REGULATION RELATING TO M&A RULES AND OVERSEAS LISTING

Pursuant to Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors 《關於外國投資者併購境內企業的規定》 (promulgated on August 8, 2006 and amended and implemented on June 22, 2009) (the "M&A Provisions"), mergers and acquisitions of domestic enterprises by foreign investors means (1) a foreign investor acquiring the equity interests in a domestic non-foreign-invested enterprise from its shareholder or subscribing its increased capital, so as to convert it into a foreign-invested enterprise; (2) a foreign investor establishing a foreign-invested enterprise, so as to acquire the assets of a domestic enterprise through agreement and operates such assets; (3) a foreign investor acquiring the assets of a domestic enterprise through agreement, so as to establish a foreign-invested enterprise with such assets as an investment and to operate such assets. When foreign investors establish a foreign-invested enterprise through mergers and acquisitions of domestic enterprises, they shall obtain approval from the approving authorities and handle the registration for changes or establishment at the registration administration authorities. In addition, the M&A Rules require that if an overseas company established or controlled by PRC companies or individuals intends to acquire equity interests or assets of any other PRC domestic company affiliated with such PRC companies or individuals (the "Affiliated M&A"), the Affiliated M&A must be submitted to MOFCOM for approval.

According to the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), foreign investors who merge and acquire non-FIEs and thereby turn them into FIEs, and who do not involve the Affiliated M&A or the implementation of special administrative measures for entry as stipulated by the State, shall file a report with the competent department of commerce. Since January 1, 2020, the Incorporation and Change of Foreign-invested Enterprises shall be replaced by the Measures on Reporting of Foreign

Investment Information (《外商投資信息報告辦法》) (issued on December 30, 2019 and amended and implemented on January 1, 2020), pursuant to which foreign investors who directly or indirectly conduct investment activities in China shall report the investment information to the competent department of commerce by themselves or FIEs.

REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to the Regulation on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (promulgated on January 29, 1996 and last amended and implemented on 5 August 2008), and various regulations issued by the State Administration of Foreign Exchange and other relevant PRC government authorities, foreign currency earnings of domestic entities or individuals can be transferred back to the PRC or deposited overseas and RMB is convertible into other currencies. The conditions and time limit of transferring back to the PRC or deposited overseas shall be specified by the State Administration of Foreign Exchange according to the international receipts and payments status and requirements of Administration of Foreign Exchange, such as the conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, like direct equity investments, loans, requires the prior approval from the State Administration of Foreign Exchange or its local office. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange according to the relevant provisions of the State. Domestic entities or individuals who directly make overseas investment or involve in distribution or trade of foreign securities or derivative products, shall go through the formalities for registration in accordance with the provisions of the foreign exchange administration department of the State Council. If the above entities or individuals shall be subjected to the approved of or record-filing with the competent department in advance as required by the state, they should submit related documents for inspection, approval and record-filing before foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

According to the Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (promulgated on June 20, 1996 and implemented on July 1, 1996), foreign exchange receipts under the current account of foreign-invested enterprises may be retained within the fullest extent approved by the Administration of Foreign Exchange and the exceeding part of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap center.

According to the Notice of the SAFE on the Reform of the Administrative Approach for the Settlement of Foreign Exchange Capital Funds 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》) (issued on March 30, 2015 and last revised and came into effect on December 30, 2019) and the Notice of the SAFE on Reforming and Regulating the Administration of Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (issued and came into effect on June 9, 2016), the foreign exchange capital in the capital account of a FIE for which the rights and interests of monetary contribution have been confirmed by the

local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the enterprise. Foreign exchange receipts under the capital account of domestic entities and its capital in RMB obtained from foreign exchange settlement can be used for their own recurrent expenditures within its business scope, as well as the expenditures under capital permitted by laws and regulations.

Pursuant to the Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (promulgated and implemented on July 4, 2014), domestic residents (including domestic organisations and natural persons) shall be subject to foreign exchange registration for offshore investment with SAFE for the purposes of investment and financing to offshore enterprise directly established or indirectly controlled by them with their legally owned onshore or offshore assets and equity. In the event of any change of basic information of the registered overseas special purpose companies such as the individual shareholder, name, operation term, or if there is a capital increase/decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete foreign exchange alteration of the registration formality for offshore investment with SAFE in a timely manner. Foreign-invested enterprises established in return investments shall be subject to completion of relevant foreign exchange registration formality in accordance with the effective provisions on the foreign exchange administration of direct investment of foreign investors, and shall disclose the de facto controller and other relevant information of the shareholders. After a special purpose company has completed overseas financing, if the funds raised are repatriated to the Mainland for use, relevant Chinese provisions on foreign investment and external debt management shall be complied with.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《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》) (promulgated on February 13, 2015 and last amened and implemented on December 30, 2019), the SAFE decided to further simplify and improve policies for the foreign exchange administration of direct investment around the entire nation, by cancelling two administrative approval items: confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment and, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks and simplifying the procedures for some foreign exchange transactions under direct investment.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the EIT Law (《中華人民共和國企業所得税法》), which was issued on March 16, 2007 and last amended and implemented on December 29, 2018, and the EIT Implementation Rules (《企業所得税法實施條例》), which was issued on December 6, 2007 and last amended and implemented on April 23, 2019, taxpayers are classified as either resident enterprises or non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control entity is within the PRC. Resident enterprises (including domestic enterprises and foreign-invested enterprises) shall be subject to the enterprise income tax at a uniform rate of 25% on their income that is sourced within and outside the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have entities or premises in China, or have no entities or premises but have income generated from China. A non-resident enterprise that has an establishment or premises within the PRC shall pay enterprise income tax at a rate of 25% on its income that is derived from such establishment or premises inside the PRC and that is sourced outside the PRC but is actually connected with the said establishment or premises. A non-resident enterprise that has no establishment or premises within the PRC but has income from the PRC, and a non-resident enterprise that has establishment or premises in the PRC but its income has no actual connection to such establishment or premises in the PRC, shall be subject to enterprise income tax at the rate of 10% on its income sourced from the PRC.

The PRC-Hong Kong Tax Treaty

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion on income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (issued on August 21, 2006 and came into effect on January 1, 2007), a PRC resident enterprise that distributes dividend to its Hong Kong shareholders can be subject to enterprise income tax according to the PRC laws. However, if the beneficiary of the dividend is a Hong Kong tax resident that directly holds no less than 25% equity of the PRC dividend distributor, the tax levied shall not be more than 5% of the distributed dividend. If the beneficiary of the dividend is a Hong Kong tax resident that directly holds less than 25% equity of the aforesaid enterprise, the tax levied shall not be more than 10% of the distributed dividend. According to the Notice of the State Administration of Taxation Concerning the Meaning and Determination of the Identity of "Beneficial Owner" in Tax Treaties (《國家税務總局關於如何理解和認定税收協議中"受益所有人"的通知》) (promulgated on February 3, 2018 and implemented on 1 April 2018), the identity of beneficial owners will be analyzed based on the principle of substance over form in order to determine whether to grant tax treaty treatment.

Value-added tax (VAT)

According to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值税暫行條例》) (promulgated on December 13, 1993, implemented on January 1, 1994 and last amended and implemented on November 19, 2017), the Implementation Rules for the Provisional Regulations of the People's Republic of China on Value-added Tax(《中華人民共和國增值税暫行條例實施細則》) (promulgated and implemented on December 25, 1993, last amended on October 28, 2011 and implemented on November 1, 2011), taxpayers who engaged in sale of goods or processing services, repairs and replacement services, tangible movable property lease services or import of goods within the PRC are subject to value-added tax. Except as otherwise provided in the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值税暫行條例》) and the Implementation Rules for the Provisional Regulations of the People's Republic of China on Value-added Tax(《中華人民共和國增值税暫行條例實施細則》), the tax rate on sales of services and intangible assets shall be 6%.

In accordance with the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》), which was issued on March 20, 2019 and implemented on April 1, 2019, since May 1, 2016 levying value added tax in place of business tax is implemented in all industries in the PRC. Construction industry, real estate industry, financial industry and service industry etc. apply to value added tax in place of business tax.

City Maintenance and Construction Tax and Education Surcharges

Pursuant to the Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals(《國務院關於統一內外資企業和個人城市維護建設税和教育費附加制度的通知》)(promulgated on October 18, 2010 and implemented on December 1, 2010), the "Provisional Regulations of the PRC on Urban Maintenance and Construction Tax"(《中華人民共和國城市維護建設税暫行條例》) issued by the State Council in 1985, as last amended and implemented on 8 January 2011 and the "Tentative Rules on Levy of Education Surcharge"(《徵收教育費附加的暫行規定》) issued in 1986, as last amended and implemented on January 8, 2011, became applicable to foreign-invested enterprises, foreign enterprises and foreign individuals from December 1, 2010 onwards. The regulations, rules and policies issued by the State Council and its administrative divisions regulating fiscal and taxation matters since 1985 and 1986 that are related to urban maintenance and construction tax and education surcharge are also applicable to foreign-invested enterprises, foreign enterprises and foreign individuals.

According to Provisional Regulations of the People's Republic of China on City Maintenance and Construction Tax (《中華人民共和國城市維護建設税暫行條例》) (promulgated on February 8, 1985 and implemented on January 1, 1985 and amended and implemented on January 8, 2011), all entities and individuals who are obliged to consumption

tax, VAT and business tax shall pay the city maintenance and construction tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town and 1% for a taxpayer whose domicile is not in any urban area, county or town.

According to Interim Provisions on the Collection of Educational Surcharges(《徵收教育費附加的暫行規定》) (promulgated on April 28, 1986 and last amended and implemented on January 8, 2011), entities and individuals obliged to pay consumption tax, VAT and business tax shall pay educational surcharges under these Provisions, except for entities paying additional charges for rural education. The rate for education surcharges shall be 3%.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated on August 23, 1982 and last amended on April 23, 2019 and will be effective from 1 November 2019) and the Regulation for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) (promulgated on August 3, 2002 and last amended on April 29, 2014 and implemented on May 1, 2014), the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to commodities for which the use of trademark has been approved. The period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. If a trademark registrant wishes to use a trademark after the expiration of the duration of the trademark registration, according to the requirements, a registration renewal application should be filed within twelve months prior to the expiration; if it fails to do so during this period, a grace period of six months may be granted. Each registration renewal is valid for ten years. Using a trademark that is identical with a registered trademark on the same commodities without the licensing of the registrant of the registered trademark; or using a trademark that is similar to a registered trademark on the same commodities, or using a trademark that is identical with or similar to the registered trademark on similar commodities without the licensing of the registrant of the registered trademark, which is likely to cause confusion; selling commodities that infringe upon the exclusive right to use a registered trademark; forging, manufacturing a registered trademark which was registered by others without authorisation, or selling a registered trademark forged or manufactured without authorisation; changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of the registered trademark; providing, intentionally, convenience for activities infringing upon others' exclusive right to use a registered trademark, facilitating others to commit infringement on the exclusive right to use a registered trademark and causing other damages to the exclusive right of others to use a registered trademark, constitutes an infringement of the exclusive right to use a registered trademark. The infringer must cease the infringement and pay damages. The infringer also may be subject to fines or even criminal punishment.

Software Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was issued on September 7, 1990, last amended on November 11, 2020 and came into effect on June 1, 2021, specifies that works of Chinese citizens, legal persons or unincorporated organizations, including computer software, whether published or not, all enjoy the copyright. Pursuant to the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算器軟件保護條例》(adopted on 4 June 1991 and last amended and put into effect on March 1, 2013) and the Computer Software Copyright Registration Measures (《計算器軟件著作權登記辦法》)(issued on April 6, 1992 and amended and put into effect on February 20, 2002), the National Copyright Administration of China (NCAC) is in charge of the management of the registration of software copyrights in the PRC. The NCAC has assigned the Copyright Protection Centre of China (the "CPCC") as the software registration authority. Upon the approval of the NCAC, the CPCC may establish working offices of software registration at the localities. The CPCC will grant corresponding registration certificates to applicants for computer software copyrights who meet the requirements of the Computer Software Copyright Registration Measures and the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software.

Domain Names

Pursuant to the Administrative Measures on Internet Domain Names issued by the Ministry of Industry and Information Technology (《互聯網域名管理辦法》) (promulgated on August 24, 2017 and implemented on November 1, 2017), the Ministry of Industry and Information Technology implements supervision and management of domain names services nationwide. The telecommunication administration authorities of all provinces, autonomous regions, municipalities directly under the central government shall be responsible for supervision and management of the domain name services within their respective administrative regions. The setting-up of domain name root servers and the establishment of operation institution of domain name root servers, the administrative agencies of domain name registration and the service institution of domain name registration within the PRC must obtained relevant approvals from the Ministry of Industry and Information Technology of the PRC or the communication administrations at the levels of provinces, autonomous regions and the municipalities directly under the central government.

HISTORY AND DEVELOPMENT

Our History

The history of our Group can be traced back to 2010 when Mr. Song acquired Kangqiao Yueshenghuo. At the initial stage of our development, we focused on providing property management services to the residential properties developed by Kangqiao Properties Group. In 2015, we started to increase efforts to expand our project portfolios with third-party property developers and achieved rapid development in terms of scale and coverage areas. Benefiting from the business growth of Kangqiao Properties Group, we have further expanded to other regions outside Henan Province across the PRC since 2018. As of December 31, 2020, our total contracted GFA reached approximately 39.0 million sq.m., comprising 238 properties in 28 cities across eight provinces in China, among which, the aggregate GFA under management reached approximately 15.7 million sq.m., comprising 112 properties in 17 cities across three provinces in China.

Our Milestones

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

Year	Milestone event
2010	We successfully obtained the ISO9001 quality management system certificate
2012	We were awarded with the Level One Property Management Qualification (一級物業管理企業資質) by the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部) of the PRC
2014	We were listed as a managing director unit of China Property Management Institute (中國物業管理協會)
2017	We started cooperating with other property management company through Henan Kangqiao Jiahe
2018	We further expanded our business outside Henan Province
2019	We entered the market of operating high-end office buildings and industrial parks in Hangzhou, together with Lanjun Industry Group Co., Ltd. (**藍郡實業集團有限公司**)

Year	Milestone event
2020	We were ranked 42nd out of the 2020 China Top 100 Property Management Companies in China (中國物業服務百強企業) by China Index Academy and 2nd of the 2020 Leading Property Service Brands in Central China (2020中國華中區域物業服務領先品牌企業) by China Index Academy
	We assisted Zhengzhou Gas Property Development Co., Ltd. (鄭州燃氣房地產開發有限公司) ("**Zhengzhou Gas**") and Zhengzhou Guotou Property Development Co., Ltd. (鄭州國投置業有限公司) ("**Zhengzhou Guotou**") to complete the mixed-ownership reformation by acquiring 51% and 51% equity interest of Zhengzhou Jixiang and Zhengzhou Kangqiao Guotou, respectively, through capital injections
	We were awarded with 2020 China Top 50 Property Services Anti-epidemic Satisfaction Enterprises (2020中國物業服務防疫滿意度企業50強) by Leju Economics (樂居財經)

OUR CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 8, 2020. Upon its incorporation, the authorized share capital of our Company was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. On the same day, one Share was allotted and issued at par value to the initial subscriber which is an Independent Third Party and subsequently transferred to Kangqiaoyue Shenghuo BVI at par value. Upon completion of the Reorganization, our Company became the holding company of our subsidiaries. See "– The Reorganization – (1) Incorporation of our Company, Our Offshore Subsidiaries and Investment Holding Companies by our Controlling Shareholder – Our Company" below for details.

Our Major Subsidiaries

We carry out our business mainly through various operating subsidiaries. As of the Latest Practicable Date, we had four offshore and 21 onshore subsidiaries, each of them commenced business after their respective incorporation or establishment. Our major subsidiaries comprise operating subsidiaries of our Group which have made material contribution to our Group's revenue and assets during the Track Record Period. Details of our major subsidiaries, including major shareholding changes, are set out below.

1. Kangqiao Yueshenghuo

Kangqiao Yueshenghuo (formerly known as Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司), Henan Taipingshijia Property Service Co., Ltd. (河南太平世家物業服務有限公司) and Henan Great Wall Hotel Property Service Co., Ltd. (河南長城飯店物業服務有限責任公司)) was established as a limited liability company in the PRC on

August 31, 2007 with an initial registered capital of RMB3.01 million. Upon its establishment, it was owned as to 46%, 5%, 24% and 25% by Zhengzhou New Great Wall Property Co., Ltd. (鄭州新長城房地產有限公司) ("**Zhengzhou New Great Wall**"), Henan Great Wall Restaurant Property Management Co., Ltd. (河南長城飯店物業管理有限公司) ("**Henan Great Wall**"), Mr. Zhang Weipeng (張偉朋) and Mr. Zhang Feizhou (張飛周), respectively, all of whom are Independent Third Parties. It is principally engaged in provision of property management services.

With a view of potential business opportunity in property management industry, Mr. Song acquired Kangqiao Yueshenghuo in 2010. On August 16, 2010, each of Zhengzhou New Great Wall and Henan Great Wall entered into a share transfer agreement with Mr. Zhao Hongliang (趙宏亮), a proxy shareholder acting on behalf of Mr. Song. Pursuant to the share transfer agreement, Zhengzhou New Great Wall transferred its 46% equity interest in Kangqiao Yueshenghuo and Henan Great Wall transferred its 5% equity interest in Kangqiao Yueshenghuo to Mr. Zhao Hongliang at the consideration of RMB1,384,600 and RMB150,500 funded by Mr. Song, respectively. The considerations were based on the then paid-up registered capital. As a result, Kangqiao Yueshenghuo became owned as to 51%, 24% and 25% by Mr. Zhao Hongliang, Mr. Zhang Weipeng and Mr. Zhang Feizhou, respectively. Pursuant to an entrustment agreement dated August 16, 2010 between Mr. Song and Mr. Zhao Hongliang, Mr. Zhao Hongliang held the 51% equity interest of Kangqiao Yueshenghuo by proxy as the nominee for Mr. Song.

Since there was no agreed settlement date on the share transfer agreement, Zhengzhou New Great Wall and Henan Great Wall have not contemporaneously requested for the respective payments. Subsequently, Henan Great Wall, being a subsidiary of Zhengzhou Great Wall, was deregistered in April 2014 and its right of receipt of the RMB150,500 has been transfered to Zhengzhou New Great Wall. At all material times, Zhengzhou New Great Wall has maintained good and stable business relationship with our Group. The considerations were eventually settled on April 13, 2021. As confirmed by the PRC legal advisers, the non-contemporaneous settlement of the consideration does not affect the legality and effectiveness of the share transfer which has been duly completed on August 16, 2010.

Following a series of share transfers and increases in registered capital, as of January 1, 2018, Kangqiao Yueshenghuo was owned by Beijing Kangqiao Tianyi Investment Co., Ltd. (北京康橋天益投資有限公司) ("**Beijing Kangqiao Tianyi**") and Shenzhen Kangqiao Yixin Investment Co., Ltd. (深圳康橋宜信投資有限公司) ("**Shenzhen Kangqiao Yixin**") as to 80% and 20%, respectively, and had a registered capital of RMB50 million, of which RMB5.0 million was paid up in cash. Pursuant to the entrustment agreements entered into between Mr. Song and each of the then shareholders of Beijing Kangqiao Tianyi and Shenzhen Kangqiao Yixin, both Beijing Kangqiao Tianyi and Shenzhen Kangqiao Yixin held the equity interests of Kangqiao Yueshenghuo by proxy as the nominees for Mr. Song. Both Beijing Kangqiao Tianyi and Shenzhen Kangqiao Yixin are ultimately controlled by Mr. Song.

On November 25, 2019, each of Beijing Kangqiao Tianyi and Shenzhen Kangqiao Yixin entered into a share transfer agreement with Henan Boyuan (of which 99.9% and 0.1% of the equity interest is held by Mr. Song and Mr. Song's nephew by proxy as a nominee, respectively). Pursuant to the share transfer agreement, Beijing Kangqiao Tianyi transferred its 80% equity interest in Kangqiao Yueshenghuo and Shenzhen Kangqiao Yixin transferred its 20% equity interest in Kangqiao Yueshenghuo to Henan Boyuan at the consideration of

RMB4.0 million and RMB1.0 million, respectively. The considerations were based on the then paid-up registered capital. As a result, Kangqiao Yueshenghuo became wholly owned by Henan Boyuan with a registered capital of RMB50.0 million, of which RMB5.0 million was all funded by Mr. Song.

On January 4, 2021, Keanda Holding, an Independent Third Party, made a capital injection of RMB19,103,800 into Kangqiao Yueshenghuo as Pre-IPO Investment, of which RMB2,631,579 was contributed to its registered capital and the remaining of RMB16,472,221 to its capital reserve. As a result of such capital injection by Keanda Holdings, the registered capital of Kangqiao Yueshenghuo was increased to RMB52,631,579, of which RMB7,631,579 was paid up in cash as of the Latest Practicable Date. Upon completion of such capital injection, Kangqiao Yueshenghuo became owned by Henan Boyuan and Keanda Holdings as to 95.0% and 5.0%, respectively. See "– Pre-IPO Investment" below for details.

As part of the Reorganization, Kangqiao Yueshenghuo became our indirectly wholly-owned subsidiary. See "– The Reorganization – (5) Acquisition of 95% Equity Interest in Kangqiao Yueshenghuo by Henan Kangqiao Yueshenghuo" below for details.

Historical Entrustment Arrangements

Mr. Song has always been the ultimate beneficial owner of Kangqiao Yueshenghuo at all material times since August 16, 2010.

The table below sets forth the information of directors and shareholders of Beijing Kangqiao Tianyi during its subsistence of holding 80% of the equity interest of Kangqiao Yueshenghuo at all material times from March 22, 2016 (*as of the date Beijing Kangqiao Tianyi began holding 80% of the equity interests of Kangqiao Yueshenghuo by proxy as the nominee for Mr. Song through the entrustment agreements between its respective shareholders and Mr. Song*) to November 25, 2019 (*as of the date Henan Boyuan acquired all of the equity interest of Kangqiao Yueshenghuo*):

Beijing Kangqiao Tianyi		
	March 22, 2016 – April 14, 2016	April 15, 2016 – November 25, 2019
Director	Ms. Li Xinlan (李新蘭)	Mr. Geng Junwei (耿軍偉)
Shareholders	Ms. Li Xinlan (李新蘭) (70%) Ms. Zhou Qiaohong (周巧紅) (30%)	Beijing Tongdao Shenghe Investment Co., Ltd. (北京同道聖合投資有限公司)(1) (70%) Ms. Zhou Qiaohong (周巧紅) (30%)

Note:

(1) Beijing Tongdao Shenghe Investment Co., Ltd. was owned as to 70% and 30% by Mr. Geng Junwei (耿軍偉) and Ms. Zhou Qiaohong (周巧紅) by proxy as the nominees for Mr. Song, respectively, at all material times from March 22, 2016 to November 25, 2019.

The table below sets forth the information of directors and shareholders of Shenzhen Kangqiao Yixin during its subsistence of holding 20% of the equity interest of Kangqiao Yueshenghuo at all material times from March 22, 2016 (*as of the date Shenzhen Kangqiao Yixin began holding 20% of the equity interests of Kangqiao Yueshenghuo by proxy as the nominee for Mr. Song through the entrustment agreements between its respective shareholders and Mr. Song*) to November 25, 2019 (*as of the date Henan Boyuan acquired all of the equity interest of Kangqiao Yueshenghuo*):

Shenzhen Kangqiao Yixin March 22, 2016 – November 25, 2019	
Director	Mr. Gao Jun (高軍)
Shareholders	Mr. Gao Jun (高軍) (80%) Ms. Zhou Qiaohong (周巧紅) (20%)

Each of Ms. Li Xinlan (李新蘭), Mr. Gao Jun (高軍), Mr. Geng Junwei (耿軍偉) (*not connected persons as defined under the Listing Rules*) and Ms. Zhou Qiaohong (周巧紅) is the family friends of Mr. Song, and has got acquainted with Mr. Song for a long time. Mr. Zhao Hongliang (趙宏亮) was the employee (*not connected persons as defined under the Listing Rules*) of a company owned by Mr. Song since August 2010 and during the subsistence of the entrustment arrangements. It is a common practice for a reliable and trust-worthy employee to act on behalf of the ultimate shareholder to handle the administrative matters especially when the group has a lot of subsidiaries and branch companies across the regions in China.

Ms. Zhou Qiaohong (周巧紅) had acted as the nominee director of Kangqiao Yueshenghuo and Henan Yuxi, and resigned on March 31, 2020 and November 18, 2020, respectively.

Moreover, apart from the foregoing relationships with our Group, Mr. Geng Junwei (耿軍偉), Ms. Zhou Qiaohong (周巧紅), Mr. Gao Jun (高軍), Mr. Zhao Hongliang (趙宏亮) and Ms. Li Xinlan (李新蘭) have also held the following present and past positions for Mr. Song's associates for his other businesses:

Present:

- Mr. Geng Junwei (耿軍偉) has held directorship and senior management positions in 45 companies, which are the associates of Mr. Song;

- Ms. Zhou Qiaohong (周巧紅) is also a supervisor of 7 companies, which are the associates of Mr. Song; and

- Mr. Gao Jun (高軍) has held directorship and senior management positions in 7 companies, which are the associates of Mr. Song.

Past:

- Mr. Geng Junwei (耿軍偉) had held directorship and senior management positions in 7 companies, which are the associates of Mr. Song;

- Ms. Zhou Qiaohong (周巧紅) had held directorship and senior management positions in 3 companies, which are the associates of Mr. Song;

- Mr. Gao Jun (高軍) had held directorship and senior management positions in 28 companies and was also a supervisor of 1 company, which are the associates of Mr. Song;

- Mr. Zhao Hongliang (趙宏亮) had held directorship and senior management positions in 1 company, which is the associate of Mr. Song; and

- Ms. Li Xinlan (李新蘭) had held directorship and senior management positions in 5 companies, which are the associates of Mr. Song.

Moreover, currently in 19 companies (*associates of Mr. Song*) which Ms. Wang Na (our *Company's executive Director*) has served as supervisor, Mr. Geng Junwei (耿軍偉) and Mr. Gao Jun (高軍) has also held directorship and senior management positions. Also, historically in 6 companies (*associates of Mr. Song*) which Ms. Wang Na (our *Company's executive Director*) has served as supervisor, Mr. Gao Jun (高軍) has held directorship and senior management positions.

Save as disclosed above, to the best knowledge of our Company after due enquiry, there is no other past or present relationship (business, family, employment, financing, fund flow, or otherwise) between each of these parties, and Mr. Song, our Group, the shareholders, directors, senior management, or the respective associates, which is required to be disclosed under the Listing Rules.

Except holding the relevant equity interests by proxy as the nominees for Mr. Song, each of Mr. Zhao Hongliang (趙宏亮), Beijing Kangqiao Tianyi and Shenzhen Kangqiao Yixin and their respective associates only act as the channel of communication with the governmental authorities and did not involve in any high-level operations or management of Kangqiao Yueshenghuo during the subsistence of the entrustment arrangements. There were no dividends/economic returns or compensation accrued to each of the nominees and their respective associates from our Group, Mr. Song nor the respective associates during the subsistence of the entrustment arrangements.

Under the then and current PRC Company Law, a natural person has been only allowed to establish and own a sole shareholder limited liability company, which refers to a limited liability company with only one natural person shareholder or legal entity shareholder. Therefore, in order to retain flexibility in the strategy planning and ownership of his other businesses of the Kangqiao Group, Mr. Song entered into the entrustment arrangements with

the abovementioned nominees as they have been trusted persons since their acquaintance with Mr. Song. Also, Mr. Song needs to spend certain amount of time in travelling between China and the United States because of his family affairs in the United States. Due to the time zone difference and difficulty in attending the local authorities and/or signing documents in person in the PRC, Mr. Song has entered into the various entrustment arrangements with the respective trusted parties to handle the administrative matters on behalf of him in the PRC. Hence, the entrustment arrangements were intended to reducing the administrative burden to Mr. Song and enhancing immediate attention and handling for the local authorities' procedures and requests. In particular, the Group has a number of branch companies operating across different regions in China due to the nature of property management. Under the entrustment arrangements, the respective nominees act as Mr. Song's channel of communication with the local authorities in order to promptly respond to the authorities' enquiries and/or requests. Our PRC Legal Adviser are of the view that the abovementioned entrustment arrangements are in compliance with the relevant PRC laws and regulations.

2. *Henan Yuxi*

Henan Yuxi was established as a limited liability company in the PRC on March 14, 2018 with an initial registered capital of RMB10.00 million to be paid up pursuant to its articles of association. Upon its establishment, it was wholly owned by Kangqiao Yueshenghuo. It is principally engaged in provision of marketing and planning services.

3. *Zhejiang Lansheng*

Zhejiang Lansheng was established as a limited liability company in the PRC on February 7, 2012 with an initial registered capital of RMB5.00 million fully paid up in cash. Upon its establishment, it was wholly owned by Laiyinda Property Co., Ltd. (萊茵達置業股份有限公司), an Independent Third Party. It is principally engaged in provision of property management services.

Following a series of increase in registered capital and equity transfers, immediately before the acquisition by Kangqiao Yueshenghuo on December 12, 2019, Zhejiang Lansheng was owned by Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司) ("**Lanjun Industry**") and Mr. Li Lei (李磊), both being Independent Third Parties, as to 90% and 10%, respectively, and had a registered capital of RMB12 million, of which RMB5.0 million was paid up in cash.

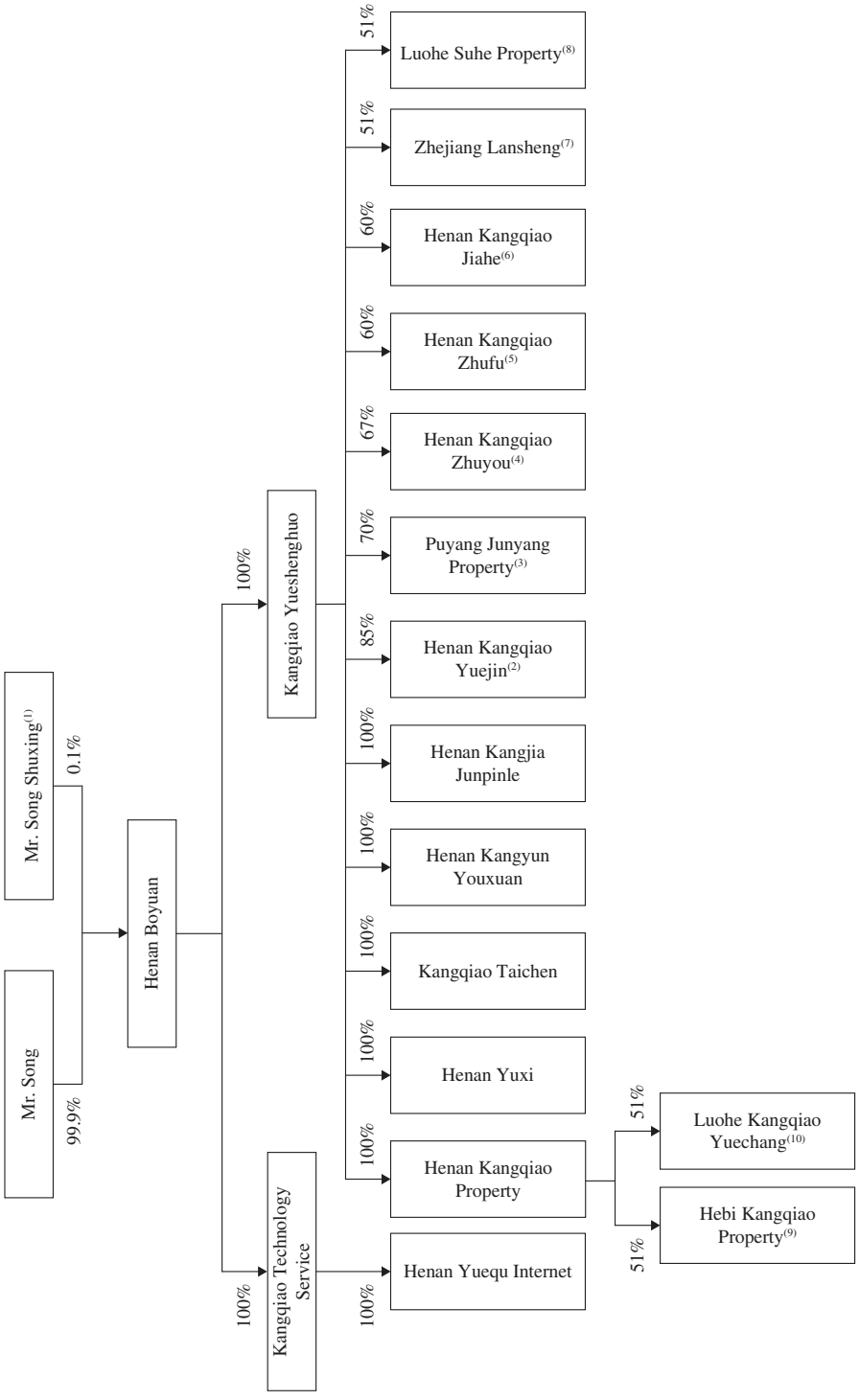
On December 12, 2019, a share transfer agreement was entered into among Lanjun Industry, Mr. Li Lei and Kangqiao Yueshenghuo, pursuant to which Lanjun Industry transferred 46% of its equity interest in Zhejiang Lansheng and Mr. Li Lei transferred 5% of its equity interest in Zhejiang Lansheng to Kangqiao Yueshenghuo at the consideration of RMB14.628 million and RMB1.59 million, respectively. The consideration was determined by the parties' arm's length negotiations. As a result and as of the Latest Practicable Date, Zhejiang Lansheng became owned by Kangqiao Yueshenghuo, Lanjun Industry and Mr. Li Lei as to 51%, 44% and 5%, respectively, with a registered capital of RMB12.0 million, of which RMB5.0 million was paid up in cash.

4. ***Kangqiao Taichen***

Kangqiao Taichen was established in the PRC as a limited liability company on September 24, 2019 with an initial registered capital of RMB5.0 million. Since its establishment, Kangqiao Taichen has been wholly-owned by Kangqiao Yueshenghuo. As of the Latest Practicable date, Kangqiao Taichen was an indirect wholly-owned subsidiary of our Company and had been principally engaged in the provision of property management services.

THE REORGANIZATION

As part of our restructuring in contemplation of the Listing, we implemented the Reorganization, pursuant to which our Company became the holding company of our subsidiaries. The following chart sets forth the shareholding structure of our Group immediately before the commencement of the Reorganization:



Notes:

1. Mr. Song Shuxing is a nephew of Mr. Song and was holding the 0.1% of the shares of Henan Boyuan by proxy on behalf of Mr. Song.

2. The remaining 15% equity interest of Henan Kangqiao Yuejin was held by Mr. Qi Xinqiang, an Independent Third Party.

3. The remaining 30% equity interest of Puyang Junyang Property was held by Mr. Li Zhijun, an Independent Third Party.

4. The remaining 33% equity interest of Henan Kangqiao Zhuyou was held by Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司), an Independent Third Party.

5. The remaining 40% equity interest of Henan Kangqiao Zhufu was held by Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司), an Independent Third Party.

6. The remaining 40% equity interest of Henan Kangqiao Jiahe was held by Changyuan Jiahe Property Management Co., Ltd. (長垣市嘉和物業管理有限公司), an Independent Third Party.

7. The remaining 49% equity interest of Zhejiang Lansheng was held by Lanjun Industry and Mr. Li Lei, an Independent Third Party, as to 44% and 5%, respectively.

8. The remaining 49% equity interest of Luohe Suhe Property was held by Luohe Suhe Industry Group Co., Ltd. (漯河蘇荷實業集團有限公司), an Independent Third Party.

9. The remaining 49% equity interest of Hebi Kangqiao Property was held by Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司) and Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司) as to 34% and 15%, respectively. Hebi Jingkai Industry Group Co., Ltd. and Hebi Jinda Tongfang Technology Co., Ltd. are both Independent Third Parties.

10. The remaining 49% equity interest of Luohe Kangqiao Yuechang was held by Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司) and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司) as to 29% and 20%, respectively. Henan Changjian Property Service Co., Ltd. and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. are both Independent Third Parties.

(1) Incorporation of Our Company, Our Offshore Subsidiaries and Investment Holding Companies by our Controlling Shareholder

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 8, 2020. Upon its incorporation, the authorized share capital of our Company was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. On the same day, one subscriber Share was allotted and issued as fully paid at par value to Campbells Nominees Limited, our initial subscriber and an Independent Third Party, which then transferred such Share to Kangqiaoyue Shenghuo BVI at par value, and 99 Shares were allotted and issued to Kangqiaoyue Shenghuo BVI. On January 28, 2021, 90 shares were further allotted and issued as fully paid at par value to Kangqiaoyue Shenghuo BVI.

Kangqiao Taichen BVI

Kangqiao Taichen BVI was incorporated in the BVI with limited liability on September 28, 2020 and was authorized to issue no more than 50,000 ordinary shares of US$1.00 each. On the same day, Kangqiao Taichen BVI allotted and issued 100 ordinary shares to Mr. Song at par value. Since its incorporation, Kangqiao Taichen BVI has been wholly-owned by Mr. Song.

Kangqiaoyue Shenghuo BVI

Kangqiaoyue Shenghuo BVI was incorporated in the BVI with limited liability on September 29, 2020 and was authorized to issue no more than 50,000 ordinary shares of US$1.00 each. On the same day, Kangqiaoyue Shenghuo BVI allotted and issued 100 ordinary shares to Kangqiao Taichen at par value. As a result, Kangqiaoyue Shenghuo BVI became a wholly-owned subsidiary of Kangqiao Taichen. On December 21, 2020, Kangqiao Taichen BVI transferred the entire equity interest in Kangqiaoyue Shenghuo BVI to Hung Fai Property Limited. As a result, Kangqiaoyue Shenghuo BVI became a wholly-owned subsidiary of Hung Fai Property Limited.

Kangqiaoyue Service

Kangqiaoyue Service was incorporated in the BVI with limited liability on October 15, 2020 and was authorized to issue no more than 50,000 ordinary shares of US$1.00 each. On the same day, Kangqiaoyue Service allotted and issued 100 ordinary shares to our Company at par value. As a result, Kangqiaoyue Service became a wholly-owned subsidiary of our Company.

Hong Kong Kangqiao

Hong Kong Kangqiao was incorporated in Hong Kong with limited liability on November 6, 2020. On the same day, Hong Kong Kangqiao allotted and issued 100 ordinary shares to Kangqiaoyue Service at HKD100.00. As a result, Hong Kong Kangqiao became a wholly-owned subsidiary of Kangqiaoyue Service.

(2) Incorporation of Investment Holding Companies by Pre-IPO Investor

New Hefeng was incorporated in the BVI on March 4, 2020 and was authorized to issue no more than 50,000 ordinary shares of US$1.00 each. On the same date, New Hefeng allotted and issued one share with a par value of USD1.00 to Dr. Zhang Rulin (張儒林). As of the Latest Practicable Date, New Hefeng was wholly owned by Dr. Zhang Rulin.

Friend Holdings was incorporated in the BVI on March 6, 2020 and was authorized to issue no more than 50,000 ordinary shares of US$1.00 each. On the same date, Friend Holdings allotted and issued one share with a par value of USD1.00 to New Hefeng.

Keanda Holdings was incorporated in Hong Kong with limited liability on May 11, 2020. On the same day, Keanda Holdings allotted and issued 1 ordinary share to Friend Holdings at HKD1.00. As a result, Keanda Holdings became a wholly-owned subsidiary of Friend Holdings.

(3) Acquisition of Kangqiao Technology Service

On October 21, 2020, Kangqiao Yueshenghuo acquired the entire equity interest in Kangqiao Technology Service from Henan Boyuan at nil consideration taking into account the registered capital of Kangqiao Technology Service was yet to be paid up at the time of such equity transfer. Upon completion of such transfer, Kangqiao Technology Service became a wholly-owned subsidiary of Kangqiao Yueshenghuo. As of the Latest Practicable Date, Kangqiao Technology Service was an indirect wholly-owned subsidiary of our Company.

(4) Capital Injection into Kangqiao Yueshenghuo by Keanda Holdings

See "– Pre-IPO Investment" below for details.

(5) Acquisition of 95% Equity Interest in Kangqiao Yueshenghuo by Henan Kangqiao Yueshenghuo (the "Onshore Reorganization")

Henan Kangqiao Yueshenghuo is our intermediate holding company in the PRC. It was established in the PRC with limited liability on December 1, 2020 with a registered capital of RMB10.0 million. Upon its establishment, Henan Kangqiao Yueshenghuo was wholly-owned by Hong Kong Kangqiao.

On January 27, 2021, Henan Boyuan transferred its 95% equity interest in Kangqiao Yueshenghuo to Henan Kangqiao Yueshenghuo at a consideration of RMB5.0 million, which was based on then paid-up registered capital. The consideration was settled in full on February 8, 2021. Upon completion of such equity transfer, Kangqiao Yueshenghuo was owned by Henan Kangqiao Yueshenghuo and Keanda Holdings as to 95% and 5%, respectively.

(6) Acquisition of Friend Holdings and Transfer of Shares in Our Company

On January 28, 2021, New Hefeng transferred the entire shareholding in Friend Holdings it held to our Company in exchange for the allotment and issue of 10 shares in our Company to New Hefeng. Friend Holdings then became a direct wholly-owned subsidiary of our Company. Upon completion of such share transfer, our Company was owned as to 95% and 5% by Kangqiaoyue Shenghuo BVI and New Hefeng, respectively.

ESTABLISHMENT OF FAMILY TRUST

On November 10, 2020, Mr. Song, as the settlor, established the Eternity Trust (being a discretionary trust) with Trident Trust Company (South Dakota) Inc. ("**Trident Trust**") acting as the trustee, for the purpose of family arrangement. The beneficiaries of the Eternity Trust are Kangqiao Taichen BVI and Mr. Song's family members. On December 21, 2020, Kangqiao Taichen BVI transferred the entire equity interest in Kangqiaoyue Shenghuo BVI to Hung Fai Property Limited. Hung Fai Property Limited is wholly-owned by Trident Trust. Mr. Song remains the sole director of Kangqiaoyue Shenghuo BVI. Pursuant to the Eternity Trust, Mr. Song indirectly holds 95% of equity interest in our Company.

PRE-IPO INVESTMENT

1. Investment by New Hefeng

On January 4, 2021 Keanda Holdings (an indirect wholly-owned subsidiary of New Hefeng) acquired 5% of the enlarged equity interest of Kangqiao Yueshenghuo at a consideration of RMB19,103,800 through capital injection, which was determined with reference to the valuation report dated December 24, 2020 as appraised by an independent valuer. The consideration was settled in full on January 11, 2021. Upon completion of the capital injection, the registered capital of Kangqiao Yueshenghuo increased from RMB50.0 million to RMB52,631,579, and Kangqiao Yueshenghuo was converted into a sino-foreign joint venture enterprise and was owned by Henan Boyuan and Keanda Holdings as to 95% and 5%, respectively.

On January 28, 2021, as part of the Reorganization, New Hefeng transferred the entire equity interest in Friend Holdings, the sole shareholder of Keanda Holdings, to our Company in exchange for the allotment and issue of 10 shares in our Company to New Hefeng.

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

Date of share transfer agreement:	January 4, 2021
Purchase price:	RMB19,103,800
Payment date of consideration:	January 11, 2021
Closing date[(1)]:	January 4, 2021
Cost per Share:	RMB0.73
Discount to the initial public offering price[(2)]:	73.6%
Use of proceeds:	Project expansion, intelligent operation and internal management systems' development and supplement the working capital for daily operation. As at the Latest Practicable Date, the funds raised from the Pre-IPO Investment have not been fully utilized

Shareholding in our Company prior to the Global Offering:	5%
Shareholding in our Company immediately after the Global Offering (assuming that the Over-allotment Option is not exercised):	3.75%
Lock-up period:	for a period ending on the date falling six months following the Listing
Special rights:	No special rights were granted to the Pre-IPO investor
Percentage of pre-IPO investment proceeds utilised:	100%

Notes:

(1) This is the date on which the capital injection was completed.

(2) The discount is based on the indicative price of HK$3.33 per Share (being the mid-point of the Offer Price range as stated in this prospectus), the indicative exchange rate of HK$1.00=RMB0.8315.

Basis of Consideration

The purchase price of RMB19,103,800 was determined after arm's length negotiations between the parties with reference to the valuation report dated December 24, 2020 as appraised by an independent valuer (the "**Valuation Report**"). Meanwhile, other factors were taken into account in determining the consideration include but not limited to:

(i) the investment risks assumed by the Dr. Zhang Rulin due to the absence of any exit or divestment rights granted to Dr. Zhang under the terms of the pre-IPO investment agreement in case of the Global Offering fails to proceed, as well as other investment risks assumed by Dr. Zhang in investing in an unlisted company, including, among others, the lack of liquidity and open market for trading in his minority stake of the Shares prior to the completion of the Global Offering and the Listing, the lack of any plan to declare further dividend by the Group during the period from the completion of the pre-IPO investments to the completion of the Global Offering and uncertainty in the timing of the completion of the Global Offering;

(ii) Dr. Zhang Rulin was not entitled to the Company's declared dividends in the financial year ended December 31, 2020;

(iii) the six-month lock-up undertakings given by the Dr. Zhang Rulin commencing on the Listing Date. Furthermore, the Company respectfully submits that the determination of the consideration of the pre-IPO investment had not taken into account the proposed Global Offering, as it was only determined before the submission of the listing application of the Company and thus there was still uncertainty on the filing of A1 application; and

(iv) the strategic benefits which would be brought by the Dr. Zhang Rulin to the Group.

Hence, the consideration of RMB19,103,800 in respect of the 5% of the shareholding of the Group, is based on the valuation of RMB437,558,900 as of August 31, 2020 as stated on the Valuation Report, with a discount of 12.68%. The discount was based on the illiquidity and minority stake acquired from the Shares, with reference to the income approach adopted by the valuer with a set of assumptions on a variety of factors.

Information Regarding New Hefeng

New Hefeng was incorporated in the BVI on March 4, 2020 and is wholly-owned by Dr. Zhang Rulin, an Independent Third Party. Dr. Zhang Rulin has been the chairman of Linlu Biotechnology (Huangshi) Co., Ltd. (林路生物科技(黃石)有限公司) ("**Linlu Biotechnology**"), a company principally engaged in provision of biotechnology research and development, since 2019 and owns 42.3% equity interest of Linlu Biotechnology. Prior to joining Linlu Biotechnology, Dr. Zhang Rulin has worked in North America and later returned to China and served as the executive director and technical advisor of Zhengzhou Jinhongruida Pharmaceutical Technology Co., Ltd. (鄭州錦宏瑞達醫藥科技有限公司) from October 2011 to March 2014. During his years of work experience in Henan province, he has learnt the name of Kangqiao Group because of its prevalent presence in Henan province. Subsequently, Dr. Zhang became acquainted with Mr. Song through attending an economic forum for entrepreneurs across different industries at Wuhan University of Technology in the mid of 2010s during the mingling session. After being introduced by Mr. Song of the investment opportunity, and in the interest of diversifying his investment portfolio, and in view of the Group's established track record and having confidence in the prospects of the Group, Dr. Zhang Rulin became our Shareholder through the Pre-IPO investment. Since the offshore funding is not immediately available at the relevant time, in the interest of time, the funding of Dr. Zhang's pre-IPO investment in the Company was borrowed from a company owned by one of Dr. Zhang's friend, who is an Independent Third Party (the "**Lender**"). As of May 25, 2021, Dr. Zhang has repaid USD1.1 million which accounts approximately 34.7% of the total borrowings. The rest borrowings will be repaid by Dr. Zhang in accordance with the terms of the loan agreement from his personal resources, including personal savings from his past working compensation and business earnings from his past investments, which would be used for repayment after relevant remittance procedures. As confirmed by Dr. Zhang, he has sufficient assets as backup to repay the rest of the borrowings including, without limitation, any dividend distribution based on his equity interest in Linlu Biotechnology from its retained earnings to be paid out by the cash and cash equivalent as of April 30, 2021 and his current personal saving.

To the best knowledge of the Company after due enquiry, apart from the foregoing financing arrangement and information disclosed in the Prospectus, each of Dr. Zhang and the Lender does not have any past or present business, family, employment, financing fund flow, or other relationship with the Group and any of the Group's shareholders, directors, senior management, or their respective associates.

For information regarding New Hefeng, see "– (2) Incorporation of investment holding companies by Independent Third Party".

Strategic Benefit

Dr. Zhang's research primarily focuses on medicines in curing diabetes. During his work experience, Dr. Zhang has accumulated abundant resources and connections in medical and pharmaceutical industry since he needs to deal with different professionals and enterprises in medical and pharmaceutical industry in academic conferences and/or publication of his work results from time to time. Hence, he may refer potential cooperation opportunities in medical and pharmaceutical industry to enrich the communities under the Group's management, for example introducing tenants in opening clinics and pharmacy stores in the community, which is in line with the Group's operational strategies.

For example, the property project developed by Zhengzhou Hemao Rongyuan Real Estate Co., Ltd. (鄭州合茂融源置業有限公司) under the Group's management will soon introduce Yueshenghuo Big Health Experience Centre (悦生活大健康體驗館) in their sale venues for the potential purchaser to experience the health services offered in the community, which Dr. Zhang could provide insight and connections to the Group from his experience and networks in the relevant markets. Also, Dr. Zhang's research primarily focuses on medicines in curing diabetes, which is commonly found in the elderly. Therefore, Dr. Zhang has first-hand insight on the health need of the elderly and hence the Group could rely on his advice in building a better living community catering the need of the aging population in China.

Compliance of Pre-IPO Investment

On January 4, 2021 Keanda Holdings (an indirect wholly-owned subsidiary of New Hefeng) acquired 5% of the enlarged equity interest of Kangqiao Yueshenghuo through capital injection. Our PRC Legal Advisers are of the view that, as part of Pre-IPO Investment, the aforesaid increase in registered capital of Kangqiao Yueshenghuo on January 4, 2021 has been in compliance with applicable laws and regulations of the PRC.

2. Lock-up and Public Float

Upon completion of the Global Offering, the Shares held by New Hefeng will be counted towards the public float of our Company.

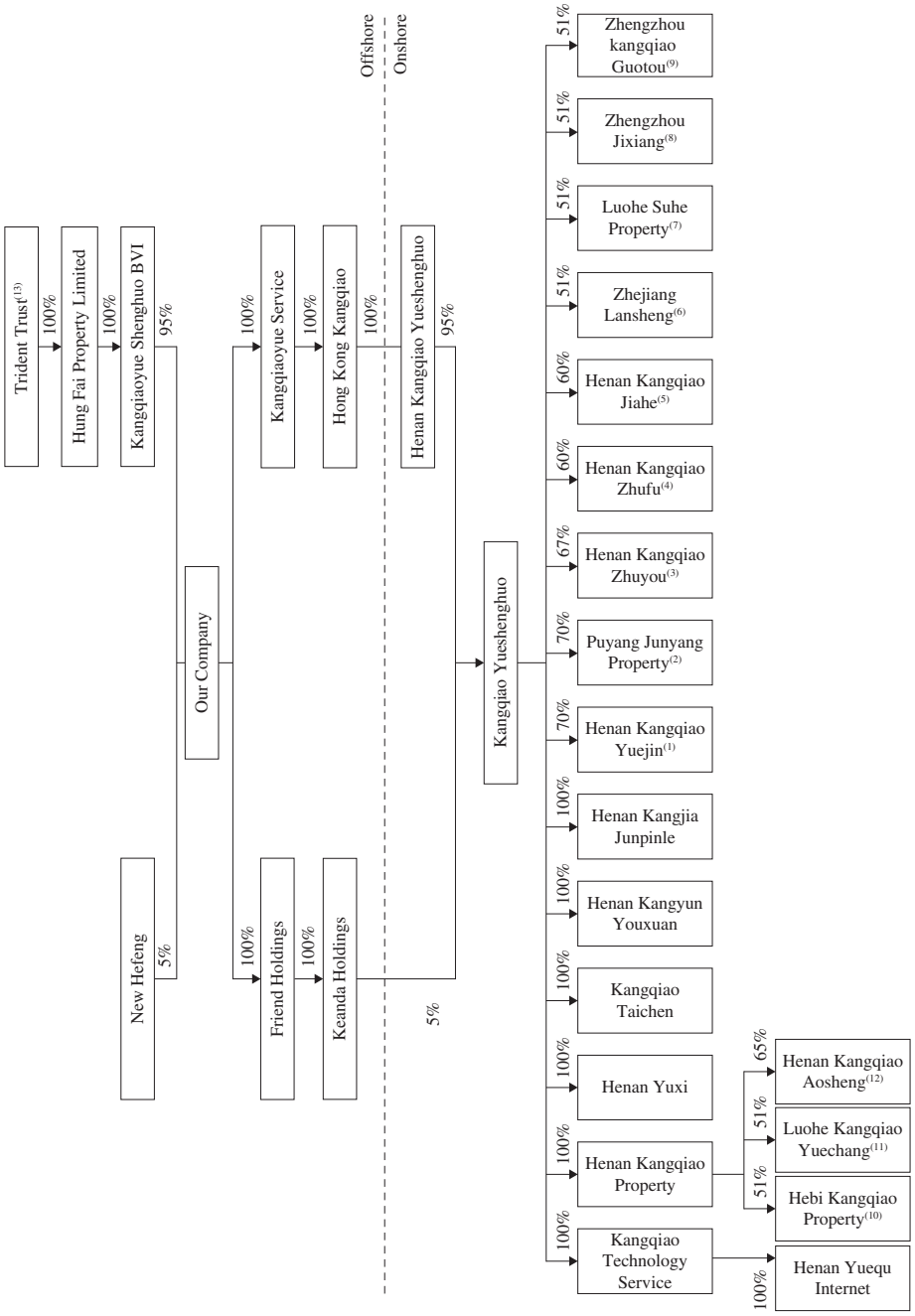
New Hefeng has agreed that it will not, at any time during the period ending on the date falling six months following the Listing, dispose of any of the shares directly or indirectly held by it.

3. Sole Sponsor's Confirmation

On the basis that (i) the consideration for the Pre-IPO Investment was settled at least 28 clear days before the date of our first submission of the listing application form to the Listing Department of the Stock Exchange in relation to the Listing; and (ii) no special rights were granted to the Pre-IPO Investor in connection with the Pre-IPO Investment as confirmed by our Directors, the Sole Sponsor is of the view that the Pre-IPO Investment is in compliance with (i) the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010 (as updated in March 2017), and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 (as updated in July 2013 and March 2017). The Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 (as updated in March 2017) is not applicable to the Pre-IPO Investment as no convertible instrument was issued.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANIZATION AND THE PRE-IPO INVESTMENT AND IMMEDIATELY BEFORE COMPLETION OF THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

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



Notes:

1. Henan Kangqiao Yuejin was established as a limited liability company in the PRC on June 10, 2020. Upon its establishment, it was owned as to 85% and 15% by our Group and Mr. Qi Xinqiang, an Independent Third Party, respectively. Upon the request of increasing the equity interest of Henan Kangqiao Yuejin by Mr. Qi Xinqiang, after arm's length negotiations and having consider to incent Mr. Qi Xinqiang's enthusiasm and confidence to the cooperation, the Group transferred 15% of equity interest to Mr. Qi Xinqiang in September 2020.

2. The remaining 30% equity interest of Puyang Junyang Property was held by Mr. Li Zhijun, an Independent Third Party.

3. The remaining 33% equity interest of Henan Kangqiao Zhuyou was held by Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司), an Independent Third Party.

4. The remaining 40% equity interest of Henan Kangqiao Zhufu was held by Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司), an Independent Third Party.

5. The remaining 40% equity interest of Henan Kangqiao Jiahe was held by Changyuan Jiahe Property Management Co., Ltd. (長垣市嘉和物業管理有限公司), an Independent Third Party.

6. The remaining 49% equity interest of Zhejiang Lansheng was held by Lanjun Industry and Mr. Li Lei, an Independent Third Party, as to 44% and 5%, respectively.

7. The remaining 49% equity interest of Luohe Suhe Property was held by Luohe Suhe Industry Group Co., Ltd. (漯河蘇荷實業集團有限公司), an Independent Third Party.

8. Zhengzhou Jixiang was acquired by the Group on October 28, 2020 through capital injection at the consideration of RMB2.00 million, which was determined with reference to an independent valuation report. Upon completion of such acquisition, Zhengzhou Jixiang was owned as to 49% and 51% by Zhengzhou Gas, an Independent Third Party, and Kangqiao Yueshenghuo, respectively.

9. Zhengzhou Kangqiao Guotou was acquired by the Group on October 30, 2020 through capital injection at the consideration of RMB11.50 million, which was determined with reference to an independent valuation report. Upon completion of such acquisition, Zhengzhou Kangqiao Guotou was owned as to 49% and 51% by Zhengzhou Guotou, an Independent Third Party, and Kangqiao Yueshenghuo, respectively.

10. The remaining 49% equity interest of Hebi Kangqiao Property was held by Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司) and Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司) as to 34% and 15%, respectively. Hebi Jingkai Industry Group Co., Ltd. and Hebi Jinda Tongfang Technology Co., Ltd. are both Independent Third Parties.

11. The remaining 49% equity interest of Luohe Kangqiao Yuechang was held by Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司) and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司) as to 29% and 20%, respectively. Henan Changjian Property Service Co., Ltd. and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. are both Independent Third Parties.

12. The remaining 35% equity interest of Henan Kangqiao Aosheng was held by Tianjin Aosheng Hospital Management Co., Ltd. (天津奧勝醫院管理有限公司), an Independent Third Party.

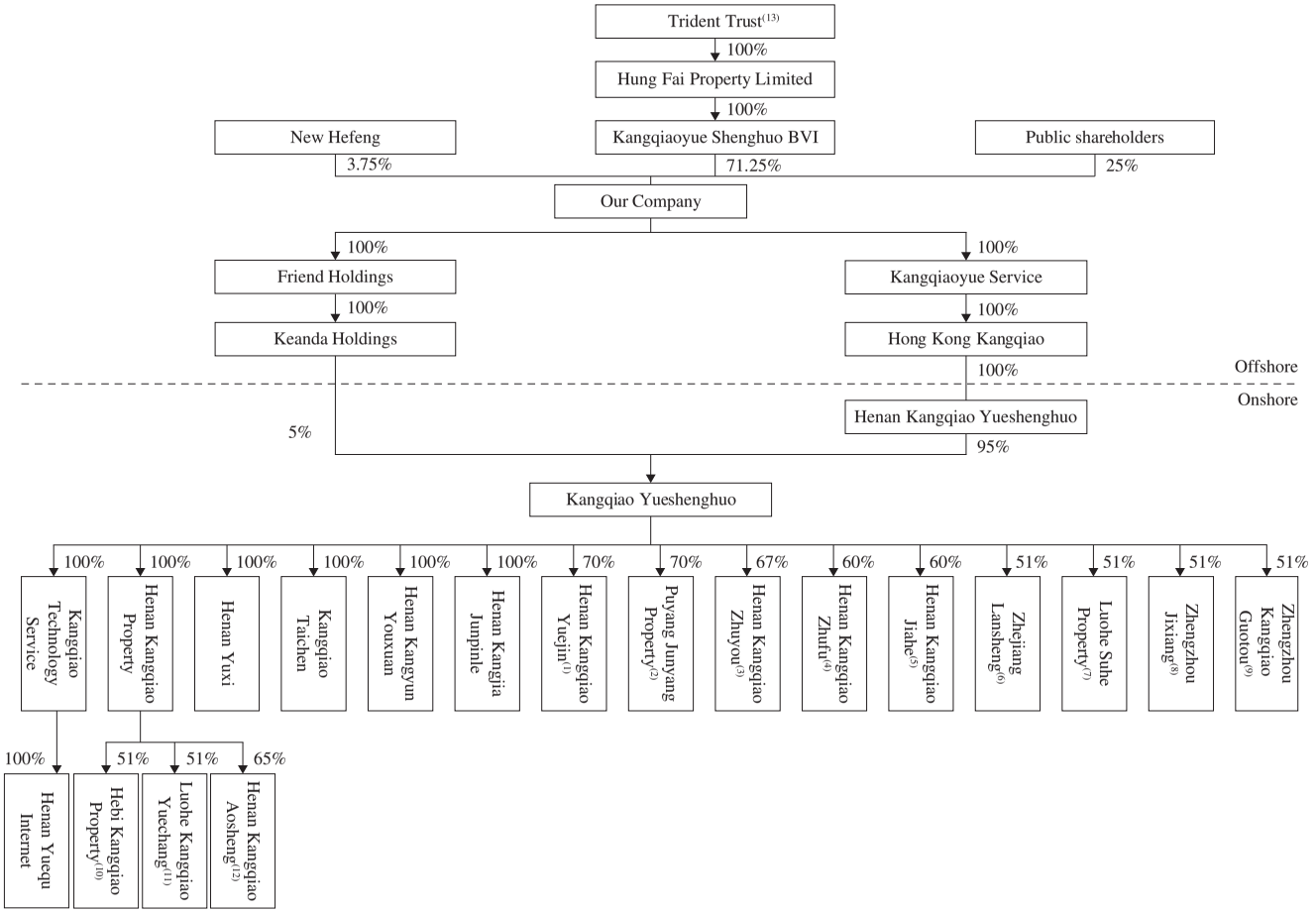
13. The entire issued shares of Hung Fai Property Limited is owned by Trident Trust as the trustee of the Eternity Trust for the benefit of Kangqiao Taichen BVI (a company wholly owned by Mr. Song) and Mr. Song's family members.

CAPITALIZATION ISSUE

Pursuant to the resolutions of our Shareholders passed on June 17, 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$5,249,998 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 524,999,800 Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then existing respective shareholdings in our Company. The Shares to be issued and allotted pursuant to such resolution shall carry the same rights in all respects with the existing issued Shares.

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

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



Notes:

1. The remaining 30% equity interest of Henan Kangqiao Yuejin was held by Mr. Qi Xinqiang, an Independent Third Party.

2. The remaining 30% equity interest of Puyang Junyang Property was held by Mr. Li Zhijun, an Independent Third Party.

3. The remaining 33% equity interest of Henan Kangqiao Zhuyou was held by Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司), an Independent Third Party.

4. The remaining 40% equity interest of Henan Kangqiao Zhufu was held by Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司), an Independent Third Party.

5. The remaining 40% equity interest of Henan Kangqiao Jiahe was held by Changyuan Jiahe Property Management Co., Ltd. (長垣市嘉和物業管理有限公司), an Independent Third Party.

6. The remaining 49% equity interest of Zhejiang Lansheng was held by Lanjun Industry and Mr. Li Lei, an Independent Third Party, as to 44% and 5%, respectively.

7. The remaining 49% equity interest of Luohe Suhe Property was held by Luohe Suhe Industry Group Co., Ltd. (漯河蘇荷實業集團有限公司), an Independent Third Party.

8. The remaining 49% equity interest of Zhengzhou Jixiang was held by Zhengzhou Gas, an Independent Third Party.

9. The remaining 49% equity interest of Zhengzhou Kangqiao Guotou was held by Zhengzhou Guotou, an Independent Third Party.

10. The remaining 49% equity interest of Hebi Kangqiao Property was held by Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司) and Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司) as to 34% and 15%, respectively. Hebi Jingkai Industry Group Co., Ltd. and Hebi Jinda Tongfang Technology Co., Ltd. are both Independent Third Parties.

11. The remaining 49% equity interest of Luohe Kangqiao Yuechang was held by Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司) and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司) as to 29% and 20%, respectively. Henan Changjian Property Service Co., Ltd. and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. are both Independent Third Parties.

12. The remaining 35% equity interest of Henan Kangqiao Aosheng was held by Tianjin Aosheng Hospital Management Co., Ltd. (天津奧勝醫院管理有限公司), an Independent Third Party.

13. The issued shares of Hung Fai Property Limited is owned by Trident Trust as the trustee of the Eternity Trust for the benefit of Kangqiao Taichen BVI (a company wholly owned by Mr. Song) and Mr. Song's family members.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser are of the view that the Reorganization, each of the equity transfers and increases in registered capital in relation to our PRC subsidiaries disclosed in this section has been conducted in compliance with applicable laws and regulations of the PRC and has been properly and legally completed and settled and duly registered with local registration authorities of the PRC and all necessary regulatory approvals have been obtained.

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

According to the "Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2008 and amended in June 2009, 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. As advised by our PRC Legal Adviser, since Kangqiao Yueshenghuo was already a foreign investment enterprise before the Onshore Reorganization, the M&A Rules is not applicable to the onshore reorganization of our Group.

SAFE REGISTRATION IN THE PRC

Pursuant to SAFE Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas parent.

As advised by our PRC Legal Adviser, Mr. Song has completed the foreign exchange registration procedure for domestic resident making overseas investment on November 2, 2020.

OVERVIEW

We are a reputable comprehensive property managements service provider in the PRC, with a leading position in Henan Province. We were awarded by CIA the Leading Brand of Property Management Services in Central China (中國華中區域物業服務領先品牌) in 2019 and 2020. According to CIA, we ranked second in terms of the GFA under management as of December 31, 2020 and third in terms of the revenue in 2020 among the Top 100 Property Management Companies headquartered in Henan Province. In addition, we are recognized as one of the Top 100 Property Management Companies by CIA for six consecutive years since 2016 and ranked 37th among the 2021 Top 100 Property Management Companies in China in terms of overall strength.

We have been providing quality property management services in China for more than ten years. As of December 31, 2020, our total contracted GFA reached approximately 39.0 million sq.m., comprising 238 properties in 28 cities across eight provinces in China, among which, the aggregate GFA under management reached approximately 15.7 million sq.m., comprising 112 properties in 17 cities across three provinces in China.

During the Track Record Period, we generated revenue primarily from three business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

- *Property management services.* We provide property owners, property developers and residents of residential properties as well as tenants in non-residential properties under our management with a wide range of property management services, which typically include, among others, security, cleaning, greening, gardening, repairs and maintenance services. Our portfolio of managed properties comprises of residential properties and of non-residential properties, such as commercial properties, office buildings and industrial parks. We charge property management fees primarily on a lump sum basis, with only a very small portion charged on a commission basis.

- *Value-added services to non-property owners.* We provide value-added services to non-property owners, primarily property developers, consisting of (i) sales office management services to property developers' sales offices and show flats, such as visitor reception, cleaning and security services, (ii) pre-delivery services that we offer to property developers at different stages before the delivery of properties from the perspective of property owners and future property management services, primarily including optimization of construction blueprints at the drawing design stage, quality control during the construction process, measurement and inspection of completed unites prior to delivery, (iii) sales agency services in which we mainly facilitate property developers in selling their first-hand properties prior to property delivery, (iv) construction site management services in which we provide daily security services to constructors and property developers, such as video

surveillance, emergency response, access control and visitor management, and (v) consultancy services for property developers and property management companies in relation to sales and management of projects.

- *Community value-added services.* We also provide a comprehensive range of community value-added services to property owners and residents to improve their living experiences and to preserve and increase the value of their assets. These services primarily include (i) home-living services, such as housekeeping and cleaning services, home maintenance services, decoration and move-in furnishing services and shopping services, (ii) community operation services with respect to managing community spaces and optimizing the utilization of public resources, such as assist third-party vendors in seeking suitable places to operate or promote their businesses, facilitating their promotional events, daily cleaning and equipment maintenance and (iii) asset operation services, primarily including property agency services with respect to second-hand properties and unsold parking spaces after property delivery, as well as rental service in relation to parking spaces and shop spaces.

We have achieved rapid growth during the Track Record Period. Our net profit continued to grow by 52.6% from RMB60.1 million in 2019 to RMB91.8 million in 2020. Our revenue also increased by 58.5% from RMB228.9 million in 2018 to RMB362.8 million in 2019, which further increased by 58.6% from RMB362.8 million in 2019 to RMB575.6 million in 2020.

The table below sets forth a breakdown of our total revenue by business segment for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	132,575	57.9	176,839	48.7	254,956	44.3
Value-added services to non-property owners	66,786	29.2	117,226	32.3	235,408	40.9
Community value-added services and others	29,585	12.9	68,775	19.0	85,221	14.8
Total	**228,946**	**100.0**	**362,840**	**100.0**	**575,585**	**100.0**

COMPETITIVE STRENGTHS

We believe that our success depends primarily on the following competitive strengths:

We are a reputable comprehensive service provider in the PRC, with a leading position in Henan Province

In our over 10 years history, we have grown into a reputable comprehensive service provider in the PRC, with a leading position in Henan Province. Over the years, we have been deeply rooted in Henan Province. We were awarded the Leading Brand of Property Management Services in Central China (中國華中區域物業服務領先品牌) by CIA in 2019 and 2020, and ranked second among the Top 100 Property Management Companies headquartered in Henan Province in terms of GFA under management as of December 31, 2020, according to CIA. Henan is one of the most populous provinces in China, with rapid economic development. The GDP of Henan Province in 2020 ranked fifth among all provinces in China and first among all provinces in Central China. In addition, we have been recognized by CIA as one of the Top 100 Property Management Companies in China for six consecutive years since 2016, and ranked 37th among the 2021 Top 100 Property Management Companies in China in terms of overall strength.

Together with a continued focus on Henan Province, we have also gradually expanded our business to a number of key provinces outside Henan, including Zhejiang Province, Jiangsu Province, Hubei Province, Hebei Province, Guangdong Province, Shandong Province and Shaanxi Province. As of December 31, 2020, we had 112 properties under management, covering 17 cities in three provinces, with GFA under management of 15.7 million sq.m. As of the same date, we were contracted to manage 238 properties, covering 28 cities in eight provinces, with contracted GFA of 39.0 million sq.m. We have developed a diversified property management portfolio and are endeavoring to provide customers with all-round services to meet their distinct needs. In addition to residential properties, we offer services to various non-residential properties such as commercial properties, office buildings, industrial parks and public properties.

Benefiting from over ten years of industry experience, strong market development capacities and growth opportunities brought by long-term cooperation with Kangqiao Group, our business has achieved substantial growth during the Track Record Period. Our net profit increased significantly by 177.1% from RMB21.7 million in 2018 to RMB60.1 million in 2019, and increased by 52.6% from RMB60.1 million in 2019 to RMB91.8 million in 2020. Our revenue also increased by 58.5% from RMB228.9 million in 2018 to RMB362.8 million in 2019, which further grew by 58.6% from RMB362.8 million in 2019 to RMB575.6 million in 2020. In addition, our GFA under management experienced a rapid growth from 8.7 million sq.m. as of December 31, 2018 to 12.2 million sq.m. as of December 31, 2019, and further to 15.7 million sq.m. as at December 31, 2020.

Our competitiveness and brand value have been widely recognized, and we have won numerous honors and awards. In 2021, we ranked 37th among the 2021 Top 100 Property Management Companies in China in terms of overall strength according to CIA. We were also recognized as one of the 2020 Top 10 Branded Property Management Companies in Central China (2020華中品牌物業服務企業10強) by CPMRI (中物研協), Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Test Center (中國房地產評測中心). See subsection headed "– Awards and Recognition" for more information of our awards and recognitions.

We believe that our well-established market position, our recognition in the industry and our historical fast growth will lay the foundation for our continued nationwide development in the future.

Strong business and market expansion capabilities enable us to build a comprehensive service ecosystem, continue to focus on Henan and expand our presence nationwide

During the Track Record Period, we have been committed to developing cooperation with third-party property developers to enrich our project portfolio and enhance our brand value and competitiveness. Our strong business and market expansion capabilities are evidenced by the historical fast growth of the projects under our management from third-party property developers.

We started to increase efforts to expand our customer base from Kangqiao Group to third-party property developers independent of Kangqiao Group in 2015, and achieved rapid development in terms of the number of projects, scale and coverage areas in the past five years. In 2016, we successfully secured projects developed by third-party property developers in key cities of Henan Province apart from the provincial capital, Zhengzhou city. Based on our established reputation, we extended our business outside of Henan Province in 2019, and engaged residential projects in Shandong Province as well as high-end office building, and commercial and sports center projects in Hangzhou city of Zhejiang Province developed by third-party property developers. Our contracted GFA of properties developed by third-party property developers experienced significant growth during the Track Record Period, increasing by 54.9% from 13.3 million sq.m. as of December 31, 2018 to 20.6 million sq.m. as of December 31, 2019, and further to 28.1 million sq.m. as of December 31, 2020. Likewise, our GFA under management of properties developed by third-party property developers increased by 35.6% from 5.4 million sq.m. as of December 31, 2018 to 7.4 million sq.m. as of December 31, 2019, and further to 9.8 million sq.m. as of December 31, 2020. As of December 31, 2020, the contribution of projects from third-party property developers to our total GFA under management and our total contacted GFA reached 62.5% and 72.0%, respectively.

We achieved business and market expansion mainly through public tender, and bidding and business negotiations. As of December 31, 2020, we had successfully entered into contracts with about 140 third-party property developers in China for provision of various property management services. In addition, we adopted other flexible ways to secure projects from third-party property developers, such as mergers and acquisitions. We generally focus on target companies that have synergies with our geographical distribution, business strategies and market positioning in expanding through mergers and acquisitions, and typically go through rigorous procedures of due diligence and investment decision-making meetings. For example, in October 2020, by leveraging our geographical advantage, multi-project control experience and cross-regional management platform, we acquired 51% equity interest in two companies with state-owned background, namely Zhengzhou Kangqiao Guotou and Zhengzhou Jixiang which we believe will put us in a stronger position to secure engagements for offering services to government and public properties. Through our successful integration of their businesses, the contracted GFA of these two companies have increased from 0.9 million sq.m. as of September 30, 2020 prior to the acquisition to 1.4 million sq.m. as of the Latest Practicable Date. In 2019, we acquired 51% equity interest in Zhejiang Lansheng, which had five non-residential properties under management in Zhejiang Province as of December 31, 2019, to help us enrich the project portfolio and develop new markets.

With our strong business and market expansion capabilities, we have successfully strengthened our established position in Henan and extended our presence from Henan Province to other key provinces nationwide and diversified our project portfolio which enables us to establish a comprehensive service ecosystem. As of December 31, 2020, in Henan Province, we were contracted to manage 222 properties spreading across 20 cities, with a contracted GFA covering 37.4 million sq.m., of which the contracted GFA of Zhengzhou, the provincial capital, had exceeded 14.7 million sq.m. Through deeply penetrating in cities of Henan, we have increased the density of properties under our management and reduced our marginal cost for property management and also successfully replicated our expansion experience in Henan Province to new cities we entered. For instance, we engaged in projects from third-party property developers in Hangzhou in June 2020, by taking geographical advantages of our subsidiary located there. Meanwhile, through years of expansion, we are able to diversify your product portfolio to other non-residential properties such as commercial properties, industrial parks, office buildings and public properties.

With our outstanding market development capabilities, we believe we can further improve our geographic layout, diversify our properties portfolio and seize market opportunities to achieve further development of business scale and overall strength.

We have established standardized service systems and intelligent technology platforms to improve our customer satisfaction and operational efficiency

We have placed an emphasis on standardizing our services and established a comprehensive and standardized quality control system covering the whole life cycle of property management, which has helped us consistently achieve a high level of customer satisfaction.

We have established a full-cycle and multi-tiered service system covering multiple types of properties for our diversified business model, featuring a series of standards and operating procedures for diverse product lines to ensure the consistency and high quality of our services. Our property management services and value-added services cover the whole life cycle of property management, for which we have implemented a differentiated standardization system and further refined standards for certain property types, including commercial properties, industrial parks, office buildings and public properties. We offer customized value-added services to non-property owners and achieve differentiated management by setting up detailed operation standards for subdivided product lines, such as car park services and security control services. We also developed home-living services, community operation services and asset operation services around the needs of property owners, for which we have established a standardized community value-added service system for diverse service scenarios involved. Based on our establishment and effective implementation of a strict internal quality control system, we have obtained a number of certifications from the International Organization for Standardization, including ISO9001 quality management system certification, ISO14001 environmental management system certification and ISO45001 occupational health and safety management system certification.

In addition, we have applied a number of advanced technologies, including, among others, Internet of Things, big data, and cloud computing technologies, to achieve smart management of "things" and provide efficient services for people. We have a keen insight into technology and have built a series of smart management systems. For instance, our data platform allows us to realize data visualization, service intelligence and management digitalization. As of the Latest Practicable Date, we had 27 computer software copyrights registered with the National Copyright Administration of the PRC (中國版權局). In order to improve our customers' satisfaction and solve the matters affecting customers' living experience such as home safety, commuting convenience and timely reporting to service requests, we have developed the "Kangqiao Property Management Assistant" (康橋物管助手) mobile application comprising the "Kang Yun Steward Information Management Platform" (康雲管家信息管理平台) which assists frontline staffs to efficiently address the property owners' needs in various service scenarios, including handling of service requests, security and patrol management, quality inspection, standardized operation guidance and other services. At the same time, we have developed a one-stop service platform named "Kang Yun You Jia" (康雲優家) for our clients, which includes a series of application systems such as a bill payment system, visitor access control system, report and request system, intelligent customer service system, and common area monitoring system, to further enhance the customer experience. We have also deployed intelligent devices to realize smart management in various scenarios, such

as smart parking and online fee collection, to improve property management efficiency and create a better and safer living environment for property owners and residents. For more information, see the subsection headed "– Standardized Operation and Smart Management."

Empowered by our standardized service systems and intelligent technology platforms, we have enhanced our operational capability and efficiency. Our technology platform helps to improve customer satisfaction while effectively controlling labor costs. We have improved customer experience and satisfaction with our standardized and intelligent service system. We were awarded the "Top 50 China Model Property Management Companies in terms of Satisfaction Rate (中國物業企業客戶滿意度模範企業五十強)" in 2020 and "Top 50 China Community Service Providers in terms of Satisfaction Rate (中國社區服務商客戶滿意度50強)" in 2019 by EH Consulting (億翰智庫).

Our value-added service business helps us sustain our core competitiveness

We are dedicated to offering a full range of services to customers with the philosophy of "creating a joyful life through Kangqiao's considerate services" (康派臻品,悦享生活). In addition to improving the quality and scale of our traditional property management services, we paid close attention to customers' needs and developed a wide range of value-added services to non-property owners and community value-added services. Our diverse business lines have expanded our income sources and promoted the growth of our financial performance.

We continue to provide non-property owners, mainly including property developers and other property management companies, with a series of diversified value-added services to address their needs in the full cycle of project development. Such value-added services mainly consist of sales office management services, pre-delivery services, consultancy services, construction site management services and sales agency services. In particular, we have the ability of offering high-quality value-added services to third-party property developers, which enable us to get early involvement in property projects and in turn put us in a stronger position to secure engagements for third-party property management projects. In 2018, 2019 and 2020, our revenue from value-added services to non-property owners attributable to the Independent Third Parties amounted to RMB13.8 million, RMB32.5 million and RMB58.1 million, respectively, representing 20.8%, 27.7% and 24.7% of our total revenue from value-added services to non-property owners during the same periods. Besides generating good financial results for us before property delivery, the value-added services to non-property owners also enable us to gain recognition from property developers through our quality services, which in turn drive our subsequent engagement of traditional property management services and community value-added services and promote long-term cooperation with property developers, forming a virtuous cycle.

In addition, we have established a full life-cycle value-added service system based on customers' personalized needs such as "food, housing, transportation, shopping and education" (食、住、行、購、育), covering home living services, community operation services and asset operation services. To enhance users' experience, we have developed the "Kang Yun You Jia" (康雲優家) one-stop service platform where we offer various services to property developers and property owners of properties under management based on their needs. For more information, see subsection headed "– Standardized Operation and Smart Management – Online Platform Services." We endeavor to enhance service quality and to provide a better lifestyle for property owners. We are also committed to building a vibrant, happy and harmonious community atmosphere and actively promote a healthy neighborhood culture, putting forward the concept of "taking neighbors as companions, being good with neighbors; caring for each other and warming each other" (以鄰為伴、與鄰為善; 彼此守望、相互溫暖), and build a "warm community" (暖社區) through the "Lin Li Hui" (鄰禮匯) four-season community activities. The high-quality service and healthy neighborhood culture enhanced our retention of property owners and further promote the formation of high customer satisfaction and loyalty.

Based on our increasing types of value-added services and our expanding service areas, we have achieved rapid growth in revenue from value-added services during the Track Record Period. Our total revenue from value-added services increased by 93.0% from RMB96.4 million in 2018 to RMB186.0 million in 2019, with a growth rate much higher than the average growth rate of the Top 100 Property Management Companies of 29.0% for the same period. Our revenue from value-added services further increased from RMB186.0 million in 2019 to RMB320.6 million in 2020. According to CIA, we ranked seventh compared to PRC property management companies listed in Hong Kong in terms of revenue from value-added services as a percentage of total revenue in 2019.

Our long-standing cooperative relationship with Kangqiao Group has provided us with significant growth opportunities

We believe that the long-term and stable business cooperation with Kangqiao Group has offered and will continue to offer us substantial growth opportunities. Kangqiao Group operates diversified businesses covering real estate, construction and education, among others. As a well-known property developer in the PRC, Kangqiao Group was awarded by CIA as one of the Top 100 Real Estate Companies in term of Sales Amount in the PRC (中國房地產企業銷售業績Top100) in 2018, 2019 and 2020. According to CIA, in terms of comprehensive strengths, Kangqiao Group ranked 69th among the 2020 China Top 100 Real Estate Companies, and ranked fourth among the 2020 China Top 100 Real Estate Companies that are headquartered in Henan. Kangqiao Group has property development projects in Henan and several regions outside of Henan such as Yangtze River Delta region, Greater Bay Area, Beijing-Tianjin-Hebei region and the middle and western regions in China, covering residential properties, commercial properties, office buildings and other types of properties. Kangqiao Group has a large land bank and its business continues to develop steadily, which we believe will provide us with substantial growth opportunities.

We have been providing services to Kangqiao Group for over 10 years and have been recognized by Kangqiao Group with our business capabilities and reputation built up over the past decade. By participating in the tender process, we have won bids for various property management services for projects developed by Kangqiao Group, typically including its pre-delivery services starting from the land acquisition stage and offering other value-added services such as construction site management services and sales office management services as project development proceeds in stages, as well as subsequent traditional property management services after the completion and delivery of the properties. During the Track Record Period, we managed 21, 31 and 36 properties developed by Kangqiao Group covering 3.3 million sq.m., 4.9 million sq.m. and 5.9 million sq.m. as of December 31, 2018 and 2019 and 2020, respectively. As of the Latest Practicable Date, we have contracted to manage 70 properties developed by Kangqiao Group with contracted GFA of approximately 10.7 million sq.m. During the Track Record Period, we achieved a 100% bid success rate in bidding for projects developed by Kangqiao Group with our good reputation. Going forward, we believe that we will remain a competitive candidate for offering property management services as well as value-added services to non-property owners for projects developed by Kangqiao Group.

Our successful cooperation with Kangqiao Group has also enhanced our market visibility and helped strengthen our market expansion capabilities to participate in more projects developed by third-party property developers to achieve a balanced project portfolio and broaden our revenue streams. During the Track Record Period, the GFA of properties under our management developed by third-party property developers increased from 5.4 million sq.m. as of December 31, 2018 to 7.4 million sq.m. as of December 31, 2019, and further increased to 9.8 million sq.m. as of December 31, 2020.

We believe that our long-standing and close cooperative relationship with Kangqiao Group can provide us with reasonable support for our development. Benefiting from its extensive project portfolio, we expect to be able to further expand our business scale, diversify our project portfolio and service offerings in the future, and continue to improve our competitiveness and market position while achieving rapid growth in performance.

Our long-term development is supported by an experienced senior management team, well-established incentive mechanism and scientific and systematic human resource management system

Our management team has rich industry knowledge, project management experience and professional skills in property management. Members of our senior management have an average of over 10 years of experience in the property management industry, with a deep understanding and forward-looking thinking of the industry, and an average of more than 10 years of experience at senior management level, having accumulated rich experience in strategic planning, team building, business model innovation, and research and development of service products. Our team is stable and has been working together for a long time with tacit understanding, smooth communication and strong execution.

We attach great importance to attracting, retaining and cultivating talents, and have built a comprehensive incentive mechanism and human resource management system to create a professional and enterprising team. We have formulated a reward mechanism according to different positions and levels to promote employees to work efficiently and to actively pursue high standards and performance through timely motivation and leading by example. We have implemented an "Elite Talent" program ("菁才"計劃) since 2019 to attract external talents from well-known property management companies to join our Group. As of the Last Practicable Date, we have recruited over a hundred experienced employees such as project managers and sales office managers from nationally recognized property management companies. We also have long-term partnerships with universities which provide a pool of young talents for our Company through university recruitment.

Meanwhile, in order to support our Company's fast-growing business, we have established our own Property Management Academy (物管學院) to select and cultivate employees with high quality and ability and deep sense of identity. Our Property Management Academy (物管學院) consists of a head office based on the talent development chain and six branches based on professional skills enhancement. The head office is dedicated to building a talent development system model, defining our talent selection criteria and staff development path, and planning, implementing, monitoring and evaluating the talent development plan. The six branches provide professional staff training for different modules such as security, sales office management and construction management. Through our Property Management Academy (物管學院), we have developed and implemented a series of indicators and strategies related to talent development to attract and retain talent. For example, we have developed a "1+3+5" talent development plan ("1+3+5"人才培養規劃) for qualified fresh graduates, which is a career development path of 1 year as a supervisor, 3 years as a manager, and 5 years as a director. We use diversified training methods, such as online learning, intensive face-to-face teaching, rotational training, mentoring and open competition, to ensure the improvement of their professional skills and management abilities. We also use various tools and approaches to evaluate their performance from different aspects, such as financial and operational indicators and customer satisfaction, so as to realize digitalization of talent review and provide a reasonable basis for the Company's decision-making on human resource management.

We believe that our incentive mechanism and talent development system will improve our team building, enhance the professionalism, sense of mission and responsibility of our employees, provide better services to our clients and promote the overall development of the Company.

BUSINESS STRATEGIES

We are committed to being a leading, high-quality, comprehensive property management service operator in China through the following strategies.

Continue to develop our business in Central China and to expand our presence in key cities nationwide to further diversify our property portfolio and consolidate our market position

While we are deeply rooted in 20 cities of Henan Province, we will further enter into new cities and expand our presence in core regions nationwide that we consider to be of high economic growth potential, such as Yangtze River Delta region, Greater Bay Area region and Beijing-Tianjin-Hebei region. We will leverage geographic advantage of our subsidiary to secure more engagements in Hangzhou. In addition, we intend to concentrate on cities where Kangqiao Group has business operation, including Wuxi, Wuhan, Xi'an, Langfang, Zhaoqing and Huizhou.

We will stick to our strategic layout that covers multiple types of properties, and intend to take more efforts to secure projects for properties besides residential properties and office buildings, which will include industrial parks, educational and medical institutions and other public properties, to further diversify our integrated service offerings and revenue streams. With the gradual delivery of more high-end properties developed by Kangqiao Group, we expect to expand our high-end residential property management business.

Continue to strengthen our market development capabilities and further enhance our merger and acquisition capabilities

On the one hand, we will continue to seek engagement of more property management and value-added service projects by focusing on our business in key cities, enriching our property management service offerings and leveraging the geographical advantages of our joint ventures; on the other hand, we will achieve a standardized and systematic market development mechanism through resource integration, by taking advantage of our scientific evaluation criteria and rigorous investment decision-making mechanism.

We believe that our quality value-added services to non-property owners will help enhance our market development capabilities. We are dedicated to enrich value-added service types, and will further increase our efforts to develop our pre-delivery, consultancy, sales agency and other services. We will make more efforts to gain the trust of property developers and prospective property owners through our quality value-added services at the preliminary stage of property development, with a view to winning easier bids in the tender process for preliminary property management services to such projects, and thereby achieving further business expansion.

Leveraging our merger and acquisition and project integration experience gained from a number of successful acquisitions completed during the Track Record Period, we will also continue to support our business development through strategic acquisitions. We continue to focus on acquisitions of property management companies that offer services for non-residential properties, such as office buildings, industrial parks, educational and medical institutions in first and second tier cities, to further enrich our property management portfolio. When appropriate opportunities arise, we may also consider to acquire companies in upper or down streams of the industry chain, such as companies offering property marketing and planning services or operation and maintenance services of electromechanical device, to enhance our competitiveness in diversified business operation.

Further enhance user satisfaction and operational efficiency through implementing standardized operation and information technology

We will continue to offer highly standardized services from our highly collaborative team through our high-performance information technology systems covering multiple business lines to achieve effective management and integration of large-scale, cross-regional and diversified businesses.

We will also continue to increase investment in information technologies to improve our smart management systems and platforms. We plan to continue to invest in the research and development of software and hardware through our professional research and development team to enhance the work efficiency of our employees and create a more convenient and better living environment, thereby improving the quality of our services and operational efficiency. We will also upgrade our smart devices and expand their applications in parking management systems, building access systems, elevator systems and fitness and recreation facilities, to enhance property owners' commuting convenience and improve their life quality, while enabling us to dynamically monitor the project management process to achieve timely reminders and correction of deviations.

We also plan to use the data and information collected by the various intelligent platforms to analyze customer preferences more accurately so that we can provide more targeted and customized services and improve customer satisfaction. At the same time, we plan to implement a membership point system, where points can be used in different consumption scenarios to improve customer stickiness and increase customer flows through synergies among different property types and business lines.

Further enhance brand influence with high property owner satisfaction and good reputation through improving service quality and creating better lifestyle for property owners

We will further upgrade the community service system, cultivate the community value-added industry chain, and further improve our service quality and the living environment of communities under management, so as to enhance property owners' satisfaction and our reputation, which in turn increases our the brand influence.

Our community service system will include a series of more full-featured facilities and services, covering various aspects of life. For example, we plan to set up elderly care centers to provide multi-functional spaces for the elderly such as chess board rooms, dance rooms and libraries, and build community gardening and living centers, which will combine flower houses with the community landscape and contain hundreds of different kinds of flowers to create a beautiful and close-to-nature living experience for families. Furthermore, we will launch community convenience stores which will allow property owners to purchase daily necessities downstairs, and we also plan to introduce a series of more professional and targeted value-added services, such as customized tourism service and car cleaning and maintenance service.

We believe that our community service system will be able to meet the diversified and gradually increasing needs of property owners and ultimately enhance our brand influence and satisfaction, which will help us to win bids for more projects.

Continue to develop an advanced corporate culture and improve our incentive mechanism

We intend to improve internal staff training, strengthen the introduction of external talents, and build an advanced corporate culture. With our established property management academy, we will continue to provide efficient and systematic training for our employees to enhance their performance and capabilities. We plan to strengthen campus recruitment and attract more graduates with a bachelor's degree or above to join the Group so as to enrich our talent pool and build a motivated and energetic team. We also expect to develop our professional technical team by recruiting more highly educated and qualified professionals as well as experienced professionals capable of outstanding performance in property agency, other value-added services and overall property management services, to further enhance the overall capability and work effectiveness of our team.

We will also continue to improve our appraisal and incentive mechanisms as well as promotion mechanisms in accordance with our business characteristics and development, and further promote healthy competition for internal talents. In addition, we plan to implement share incentive plans for senior employees in the future so that the interests of employees and the company will be highly aligned and employees will be fully motivated.

OUR BUSINESS MODEL

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

The table below sets forth a breakdown of our total revenue by customer type for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Kangqiao Group	57,942	25.3	118,850	32.8	220,648	38.3
Joint ventures and associates of Kangqiao Group	5,838	2.5	8,969	2.5	11,281	2.0
Independent Third Parties	165,166	72.2	235,021	64.7	343,656	59.7
Total	**228,946**	**100.0**	**362,840**	**100.0**	**575,585**	**100.0**

PROPERTY MANAGEMENT SERVICES

Overview

We have been providing property management services in China for over ten years. As of December 31, 2018, 2019 and 2020, our total GFA under management was approximately 8.7 million sq.m., 12.2 million sq.m., and 15.7 million sq.m., respectively. As of the same dates, we managed 59, 83 and 112 properties in total, respectively. In 2018, 2019 and 2020, we generated revenue amounted to approximately RMB132.6 million, RMB176.8 million and RMB255.0 million, respectively, from property management services, representing approximately 57.9%, 48.7%, and 44.3%, respectively, of our total revenue during the same periods.

The following table sets out the breakdowns of (i) contracted GFA, (ii) GFA under management, (iii) number of properties for contracted GFA, and (iv) number of properties for GFA under management of our Group as at the relevant dates for the Track Record Period respectively.

	As of December 31,		
	2018	**2019**	**2020**
Contracted GFA (sq.m.'000)	20,949	29,595	39,025
GFA under management (sq.m.'000)	8,728	12,249	15,716
Number of properties for contracted GFA	116	172	238
Number of properties for GFA under management	59	83	112

General Scope of Our Property Management Services

We provide property management services for residential properties and different types of non-residential properties, such as commercial properties, office buildings, industrial parks and public properties. The property management services we provide primarily include the followings:

- *Security services.* We endeavor to provide quality security services to ensure that the properties we manage are safe and in good order. Our security services primarily consist of security patrolling, electronic access control, video surveillance, traffic management, carpark security management, visitor management, fire safety management, emergency response and perimeter protection automatic alarm system. We generally provide such services through third-party sub-contractors that are professional security service providers. We also provide a comprehensive smart home security system comprising smart lock, video surveillance, face recognition systems, infrared detector and other intelligent devices to monitor the residential property and prevent theft, burglary and fire.

We conduct daily inspection and supervision on the work of security staff through our E-control Center (E控中心) to ensure the quality of security services and promote healthy living of property owners and residents.

- *Cleaning, greening and gardening services.* To create a clean and tidy living environment, we provide general cleaning, garbage cleaning, pest control, greening and gardening services to the common areas of the properties we manage. Such common areas may include, among others, staircases, railings, hallways, basements and gardens. We primarily delegate cleaning, greening and gardening services to third-party subcontractors.

- *Repair and maintenance services.* The scope of our property repair and maintenance services typically covers (i) common area equipment and facilities such as lifts, escalators, air conditioning facilities and lighting systems; (ii) fire and safety facilities, such as fire extinguishers and fire alarm system; (iii) security facilities such as entrance gates control and surveillance equipment; and (iv) utility facilities such as power supply and distribution, water supply and drainage systems. We provide certain repair and maintenance services through our internal employees and third-party sub-contractors.

Our property management services include carpark management services, where we primarily offer (a) daily clean, security, repair and maintenance services for the car park spaces and ancillary facilities (such as lighting and fire alarm system), and (b) car parking assistance when cars go in and out of the car park.

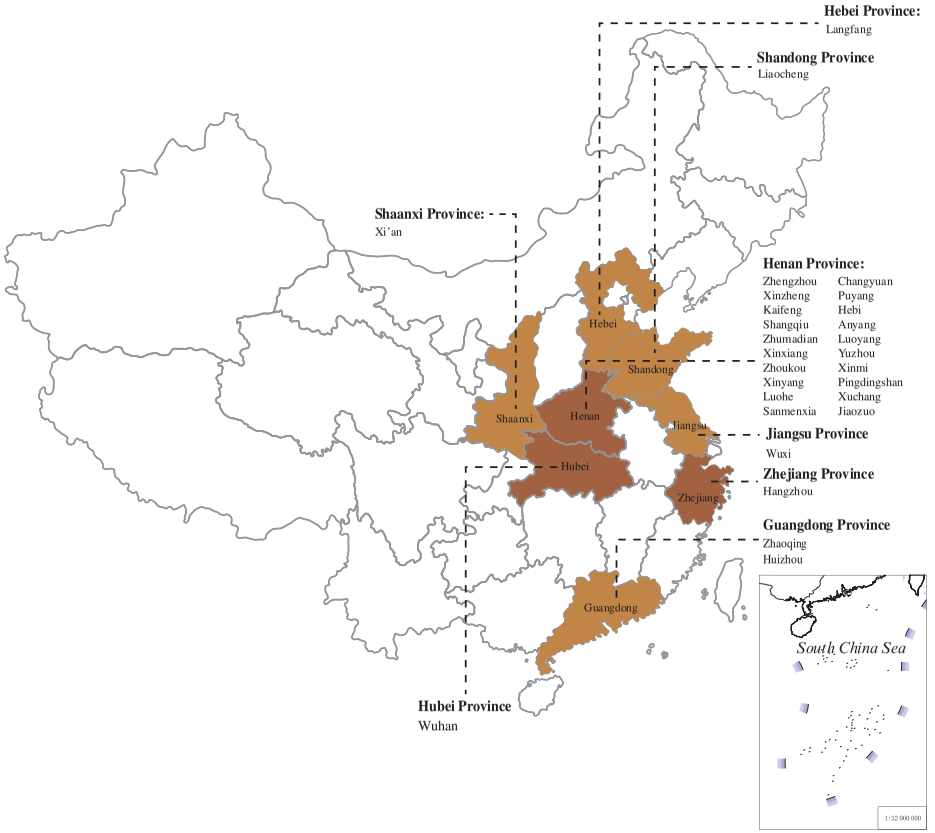
While providing our property management services, we keep and update records in relation to property owners and residents, as well as respond to and record complaints and feedback on our services. See the subsection headed "– Quality Control" for more information.

As of December 31, 2020, we employed approximately 1,558 on-site personnel to provide property management services and engaged approximately 73 third-party sub-contractors to provide certain property the above-mentioned property management services.

Geographic Presence

In our over ten years history, we have successfully expanded our geographic presence and achieved an aggregate contracted GFA of 39.0 million sq.m., covering 28 cities of eight provinces in China as of December 31, 2020. As of December 31, 2020, we had a total of 112 properties under management and 126 properties were contracted to manage but undelivered.

The map below illustrates our geographic presence, including cities in which the properties were under our management and the properties we were contracted to manage but undelivered as of December 31, 2020.



Province and city	Number of properties under management	Number of contracted but undelivered properties[1]	Total number of projects
Henan Province	103	119	222
Zhengzhou	56	36	92
Xinzheng	12	9	21
Kaifeng	2	2	4
Shangqiu	1	1	2
Zhumadian	3	4	7
Xinxiang	1	3	4
Zhoukou	4	14	18
Xinyang	5	4	9
Luohe	5	12	17
Sanmenxia	3	2	5
Changyuan	3	5	8
Puyang	3	8	11
Hebi	2	–	2
Anyang	–	6	6
Luoyang	1	2	3
Yuzhou	–	1	1
Xinmi	–	1	1
Pingdingshan	–	4	4
Xuchang	2	2	4
Jiaozuo	–	3	3
Hubei Province	1	–	1
Wuhan	1	–	1
Zhejiang Province	8	–	8
Hangzhou	8	–	8
Guangdong Province	–	2	2
Zhaoqing	–	1	1
Huizhou	–	1	1
Jiangsu Province	–	1	1
Wuxi	–	1	1
Hebei Province	–	2	2
Langfang	–	2	2
Shandong Province	–	1	1
Liaocheng	–	1	1
Shaanxi Province	–	1	1
Xi'an	–	1	1
Total	**112**	**126**	**238**

Note:

(1) Refers to properties that we were contracted to manage but were not ready to be delivered to us for management as of December 31, 2020, in relation to which the provision of property management services had not started and we had not begun collecting property management fees as of the same date.

The following table sets forth a breakdown of the number of properties under management and number of contracted properties, GFA under management and undelivered GFA by geographic region as of the dates indicated, and our revenue from property management services, both in absolute amount and as a percentage of our revenue from property management services, for the years indicated by geographic region.

	As of or for the year ended December 31,																	
	2018						2019						2020					
	Number of properties under management	GFA under management	Number of contracted properties[9]	Undelivered GFA	Revenue	% of total revenue	Number of properties under management	GFA under management	Number of contracted properties[9]	Undelivered GFA	Revenue	% of total revenue	Number of properties under management	GFA under management	Number of contracted properties[9]	Undelivered GFA	Revenue	% of total revenue
		(sq.m.'000)	*Sq.m.'000*	*(sq.m.'000)*	*(RMB'000)*	*(%)*		*(sq.m.'000)*	*Sq.m.'000*	*(sq.m.'000)*	*(RMB'000)*	*(%)*		*(sq.m.'000)*	*Sq.m.'000*	*(sq.m.'000)*	*(RMB'000)*	*(%)*
Henan Province[1]	59	8,728	113	11,862	132,575	100.0	75	11,679	158	16,472	175,971	99.5	103	15,029	222	22,370	233,513	91.6
Hubei Province[2]	–	–	1	52	–	–	1	52	1	–	321	0.2	1	52	1	–	1,543	0.6
Zhejiang Province[3]	–	–	–	–	–	–	7	518	7	–	547	0.3	8	635	8	–	19,900	7.8
Jiangsu Province[4]	–	–	1	148	–	–	–	–	1	148	–	–	–	–	1	148	–	–
Shaanxi Province[5]	–	–	1	159	–	–	–	–	1	159	–	–	–	–	1	159	–	–
Guangdong Province[6]	–	–	–	–	–	–	–	–	2	117	–	–	–	–	2	117	–	–
Shandong Province[7]	–	–	–	–	–	–	–	–	1	350	–	–	–	–	1	350	–	–
Hebei Province[8]	–	–	–	–	–	–	–	–	1	99	–	–	–	–	2	165	–	–
Total	**59**	**8,728**	**116**	**12,221**	**132,575**	**100.0**	**83**	**12,249**	**172**	**17,345**	**176,839**	**100.0**	**112**	**15,716**	**238**	**23,309**	**254,956**	**100.0**

Notes:

(1) Includes Zhengzhou city, Xinzheng city, Kaifeng city, Shangqiu city, Zhumadian city, Xinxiang city, Zhoukou city, Xinyang city, Luohe city, Sanmenxia city, Changyuan city, Puyang city, Hebi city, Anyang city, Yuzhou city, Xinmi city, Pingdingshan city, Jiaozuo city, Luoyang city and Xuchang city.

(2) Includes Wuhan city.

(3) Includes Hangzhou city.

(4) Includes Wuxi city.

(5) Includes Xi'an city.

(6) Includes Huizhou city and Zhaoqing city.

(7) Includes Liaocheng city.

(8) Includes Langfang city.

(9) Refers to the number of properties that we were contracted to manage.

The following table sets forth a breakdown of our revenue from property management services, our average property management fee, gross profit and gross profit margin for property management services by geographic region for the years indicated.

	For the year ended December 31											
	2018				2019				2020			
	Revenue	Average property management fees	Gross profit	Gross profit margin	Revenue	Average property management fees	Gross profit	Gross profit margin	Revenue	Average property management fees	Gross profit	Gross profit margin
	RMB '000	*RMB per sq.m. per month*	*RMB '000*	*%*	*RMB '000*	*RMB per sq.m. per month*	*RMB '000*	*%*	*RMB '000*	*RMB per sq.m. per month*	*RMB '000*	*%*
Henan Province[(1)]	132,575	1.78	16,516	12.5	175,971	1.84	25,368	14.4	233,513	1.93	40,585	17.4
Hubei Province[(2)]	–	N/A	–	N/A	321	3.30	(272)[(4)]	(84.7)[(4)]	1,543	3.30	85	5.5
Zhejiang Province[(3)]	–	N/A	–	N/A	547	4.22	101	18.5	19,900	3.42	3,681	18.5
Total	**132,575**	**1.78**	**16,516**	**12.5**	**176,839**	**1.95**	**25,197**	**14.2**	**254,956**	**2.00**	**44,351**	**17.4**

Notes:

(1) Includes Zhengzhou city, Xinzheng city, Kaifeng city, Shangqiu city, Zhumadian city, Xinxiang city, Zhoukou city, Xinyang city, Luohe city, Sanmenxia city, Changyuan city, Puyang city, Hebi city, Luoyang city and Xuchang city.

(2) Includes Wuhan city.

(3) Includes Hangzhou city.

(4) In 2019, we recorded negative gross profit and gross profit margin for our property management services in Hubei Province, as the relevant project was delivered in late December 2019, the revenue from which recognized after delivery was insufficient to cover the costs incurred at the early stage of our management with respect to staff set-up, deployment and others in 2019.

Portfolio of Properties under Management

We primarily manage residential properties. We also manage other types of properties, including commercial properties, office buildings, industrial parks and other public properties. While residential properties have contributed a large portion of our revenue, we have devoted great efforts to provide diversified service offerings to non-residential properties.

The table below sets forth a breakdown of the number of properties under management, GFA under management and undelivered GFA as of the dates indicated and revenue generated from our property management services for the years indicated by types of property.

	As of or for the year ended December 31,														
	2018					2019					2020				
	Number of Properties under management	GFA under management	Undelivered GFA	Revenue		Number of Properties under management	GFA under management	Undelivered GFA	Revenue		Number of Properties under management	GFA under management	Undelivered GFA	Revenue	
		(sq.m.'000)	*(sq.m.'000)*	*(RMB'000)*	*(%)*		*(sq.m.'000)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*		*(sq.m.'000)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*
Residential properties															
– Preliminary stage[1]	49	7,725	11,933	118,692	89.5	71	11,325	17,021	162,893	92.1	92	14,484	21,893	224,989	88.3
– Property owners' association stage[2]	1	125	–	2,755	2.1	1	132	–	49	0.0	2	249	–	2,843	1.1
– Sub-total	50	7,850	11,933	121,447	91.6	72	11,457	17,021	162,942	92.1	94	14,733	21,893	227,832	89.4
Non-residential properties[3]	9	878	288	11,128	8.4	11	792	324	13,897	7.9	18	983	1,416	27,124	10.6
Total	**59**	**8,728**	**12,221**	**132,575**	**100.0**	**83**	**12,249**	**17,345**	**176,839**	**100.0**	**112**	**15,716**	**23,309**	**254,956**	**100.0**

Notes:

(1) Refer to the stage where we manage residential properties under preliminary property management service contracts entered into with property developers or under property management service contracts entered with single property owners.

(2) Refer to the stage where we manage residential properties under property management service contracts entered into with property owners' associations owners. Revenue from residential properties at property owner's association stage decreased in 2019, because we ceased to manage certain properties in the end of 2018, and the projects at this stage as of the end of 2019 was newly obtained by us in December 2019.

(3) Include commercial properties, office buildings, industrial parks and public properties. Compared to December 31, 2018, GFA under management of non-residential properties experienced a decrease as of December 31, 2019, primarily due to the termination of certain projects by us in 2019 after considering their comparatively low profit.

During the Track Record Period, a significant portion of the properties under our management were developed by Kangqiao Group. We have kept a long and close working relationship with Kangqiao Group. During the Track Record Period, we provided property management services to all of the properties developed by Kangqiao Group. Kangqiao Group was our largest customer during the Track Record Period. According to CIA, it is industry practice for property management companies to have a close business relationship with their affiliated property developer, or their ultimate controlling shareholder.

In 2018, we entered into 48 property management agreements with Kangqiao Group and its joint ventures and associates with an aggregate contracted GFA of 7.7 million sq.m., among which, 3.3 million sq.m. were delivered during the Track Record Period and up to the Latest Practicable Date. In 2019, we entered into 58 property management agreements with Kangqiao Group and its joint ventures and associates with an aggregate contracted GFA of 9.0 million sq.m., among which, 4.9 million sq.m. were delivered during the Track Record Period and up to the Latest Practicable Date. In 2020, we entered into 69 property management agreements with Kangqiao Group and its joint ventures and associates with an aggregate contracted GFA of 10.9 million sq.m., among which, 6.0 million sq.m. were delivered during the Track Record Period and up to the Latest Practicable Date.

The table below sets forth a breakdown of our average property management fee, gross profit and gross profit margin for property management services by the type of properties for the years indicated.

	For the year ended December 31								
	2018			2019			2020		
	Average property management fees	Gross profit	Gross profit margin	Average property management fees	Gross profit	Gross profit margin	Average property management fees	Gross profit	Gross profit margin
	RMB per sq.m. per month	*RMB '000*	*%*	*RMB per sq.m. per month*	*RMB '000*	*%*	*RMB per sq.m. per month*	*RMB '000*	*%*
Residential properties	1.74	14,842	12.2	1.81	21,747	13.3	1.90	39,085	17.2
Non-residential properties	2.44	1,674	15.0	3.53	3,450	24.8	3.52	5,266	19.4
Total	**1.78**	**16,516**	**12.5**	**1.95**	**25,197**	**14.2**	**2.00**	**44,351**	**17.4**

The following table sets forth a breakdown of the number of properties under management, GFA under management and undelivered GFA as of the dates indicated and revenue generated from our property management services for the years indicated by types of property developers.

	As of or for the year ended December 31,																	
	2018						2019						2020					
	Number of properties under management	GFA under management	Number of contracted but undelivered properties	Undelivered GFA	Revenue	% of total revenue	Number of properties under management	GFA under management	Number of contracted but undelivered properties	Undelivered GFA	Revenue	% of total revenue	Number of properties under management	GFA under management	Number of contracted but undelivered properties	Undelivered GFA	Revenue	% of total revenue
		(sq.m.'000)		*Sq.m.'000*	*(RMB'000)*	*(%)*		*Sq.m.'000*		*(sq.m.'000)*	*(RMB'000)*	*(%)*		*(sq.m.'000)*		*Sq.m.'000*	*(RMB'000)*	*(%)*
Kangqiao Group[1]																		
– Residential Properties	21	3,299	24	3,989	70,951	53.5	31	4,886	23	3,490	91,151	51.5	36	5,897	28	4,122	127,913	50.2
– Non-residential Properties[3]	–	–	1	61	–	–	–	–	1	61	–	–	–	–	1	61	–	–
– Sub-total	21	3,299	25	4,050	70,951	53.5	31	4,886	24	3,551	91,151	51.5	36	5,897	29	4,183	127,913	50.2
Joint ventures and associates of Kangqiao Group																		
– Residential Properties	–	–	2	329	–	–	–	–	3	604	–	–	–	–	4	850	–	–
– Non-residential Properties[3]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Sub-total	–	–	2	329	–	–	–	–	3	604	–	–	–	–	4	850	–	–
Third-party property developers[2]																		
– Residential Properties	29	4,551	28	7,616	50,496	38.1	41	6,571	58	12,926	71,791	40.6	58	8,836	84	16,922	99,919	39.2
– Non-residential Properties[3]	9	878	2	226	11,128	8.4	11	792	4	264	13,897	7.9	18	983	9	1,355	27,124	10.6
– Sub-total	38	5,429	30	7,842	61,624	46.5	52	7,363	62	13,190	85,688	48.5	76	9,819	93	18,277	127,043	49.8
Total	**59**	**8,728**	**57**	**12,221**	**132,575**	**100.0**	**83**	**12,249**	**89**	**17,345**	**176,839**	**100.0**	**112**	**15,716**	**126**	**23,309**	**254,956**	**100.0**

Notes:

(1) Refers to properties solely developed by Kangqiao Group and jointly developed by Kangqiao Group and other property developers in which Kangqiao Group held a controlling interest.

(2) Refers to properties solely developed by third-party property developers that are independent of Kangqiao Group and our Controlling Shareholders.

(3) Include commercial properties, office buildings, industrial parks and public properties.

We have striven to expand projects from developers other than Kangqiao Group, and have achieved rapid development in terms of number of properties, scale and coverage areas in the next five years. As a result, as of December 31, 2018, our total GFA under management for properties developed by third-party property developers reached approximately 5.4 million sq.m. with respect to 38 properties covering 13 cities, representing approximately 62.2% of our total GFA under management.

During the Track Record Period, we took continuous efforts to secure new engagement from third-party property developers to expand our property management scale and revenue resources. Our contracted GFA for properties developed by third-party property developers increased from 13.3 million sq.m. as of December 31, 2018 to 28.1 million sq.m. as of December 31, 2020 which as a percentage of our total contracted GFA also increased from 63.3% as of December 31, 2018 to 72.0% as of December 31, 2020. Our GFA under management for properties developed by third-party property developers as a percentage of our total GFA under management slightly increased from 62.2% as of December 31, 2018 to 62.5% as of December 31, 2020. Since January 1, 2021 up to the Latest Practicable Date, we have further entered to property management service agreements for 29 properties developed by third-party property developers with an aggregated contracted GFA of 4.0 million sq.m.

Revenue Model for Property Management Services

Under applicable PRC laws and regulations, property management fees may be charged on a lump sum basis or on a commission basis. During the Track Record Period, almost all of our revenue generated from our property management services was charged on a lump sum basis, the remaining insignificant portion charged on a commission basis. Our property management revenue arising from services charged on lump sum basis accounted for 100.0%, 100.0%, and 99.9% in 2018, 2019 and 2020.

The following table sets forth a breakdown of our total GFA under management as of the dates indicated and revenue from property management services during the periods indicated by revenue model.

	As of/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	8,728	132,575	100.0	12,225	176,832	100.0	15,692	254,668	99.9
Commission basis	–	–	–	24	7	0.0	24	288	0.1
Total	**8,728**	**132,575**	**100.0**	**12,249**	**176,839**	**100.0**	**15,716**	**254,956**	**100.0**

We take into account a number of factors in determining whether to charge property management fees on a lump sum basis or a commission basis, including types of properties, estimated delivery rates of properties, local regulations and market conditions, and requirements of property developers or property owners' associations, on a case by case basis. We assess our prospective customers by evaluating key factors such as the estimated costs of managing the properties, historical property management fee collection rates, projected profitability and fee rates charged by competitors as well as whether the property was previously managed on a lump sum basis or a commission basis.

Lump Sum Basis

Under a lump sum basis contract, we charge a pre-determined property management fee on a regular basis which represents "all-inclusive" fees for all of the property management services provided by us and our sub-contractors. We are entitled to retain the full amount of property management fees received from property owners, residents and property developers. According to China Index Academy, the lump sum basis revenue model is the dominant method of collecting property management fees in China, especially in relation to residential properties.

We bear the costs of managing properties, and recognize such costs as our cost of sales, which mainly include expenses associated with staff directly providing property management services, maintenance and repair of common areas, facilities management, cleaning and garbage disposal and security. If the amount of property management fee we collect during the term of a contract is not sufficient to cover all the expenses incurred, we are not entitled to request property owners and residents or property developers to pay us the shortfall. However, after considering various factors such as the market conditions and property service standards, we may seek to increase our property fee rates during negotiation for renewal of our property management service agreements.

During the Track Record Period, we incurred gross loss in an aggregate amount of approximately RMB0.6 million, RMB0.5 million, and RMB0.5 million, with respect to ten, seven and six properties that were managed on a lump sum basis in 2018, 2019 and 2020, respectively. During the Track Record Period, customers of our property management service on these loss-making properties are Independent Third Parties. The aggregate revenue generated from loss-making properties was approximately RMB14.1 million, RMB2.6 million and RMB2.5 million, respectively, for 2018, 2019 and 2020, representing approximately 6.2%, 0.7% and 0.4% of our total revenue for the same years. The aggregate gross profit margin of loss-marking properties was -4.0%, -19.8% and -21.5% in 2018, 2019 and 2020, respectively.

Among the ten properties where we incurred losses in 2018, (i) one was a residential property of which only a portion of its GFA had been delivered for management in 2018; (ii) one was a residential property for which we incurred expenses for preparation works for the coming delivery in 2019; (iii) one was a residential property which we started to manage in 2018 and incurred relatively high cost for staff set-up and others; (iv) two were residential properties with a history of more than eight years under our management for which the average property management fee was relatively low; and (v) five were residential and non-residential properties with relatively low property management fees, for which we have already terminated our services.

Among the seven properties where we incurred losses in 2019: (i) six were residential properties at an early stage of our management of which only a portion of GFA had been delivered for management in 2019. We generally incurred relatively higher costs with respect to staff set-up and deployment and coordination with third-party service providers at an early stage of our management, which the amount of property management fees we receive at early stage may be insufficient to cover; and (ii) one is a residential property with a relatively small scale for which the average property management fees was relatively low.

Among the six properties where we incurred losses in 2020, (i) one was a residential property newly delivered in 2019 which were at an early stage of our management. We generally incurred relatively higher costs with respect to staff set-up and deployment and coordination with third-party service providers at an early stage of our management, which the amount of property management fees we receive at early stage may be insufficient to cover; (ii) one was a residential property for which we incurred expenses for preparation works for the coming delivery in 2020; (iii) one was a residential property with GFA under management of

approximately 0.1 million sq.m., for which the average property management fees were relatively low and we cannot achieve economics of scale; (iv) one was a non-residential property for which we charged relatively low property management fees with a view to expanding our market share in managing this type of properties; and (v) two were residential property project that we obtained following the acquisition of Zhengzhou Kangqiao Guotou and Luohe Suhe Property.

To improve our profitability, we can either try to improve our fee rates when renewing service agreements, or control our costs and expenses through a series of cost-saving initiatives. We intend to carry out software and hardware upgrades and optimize our standardized operations system so that we will be able to reduce our operating costs and also improve our service quality thereby increasing our property management fees. In addition, we intend to expand the community value-added services to be provided in those projects, which generally have higher profit margins than that of property management services. Though we expect to increase the overall income generated from those projects through our operations in the future, we may consider to not renew the contracts of several projects upon expiry if we record continuous losses and cannot achieve profit-making results.

For more information, see the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our business and financial performance may be adversely affected by increase in employee benefit expenses and labor costs, sub-contracting costs and our provision of property management services on a lump sum basis."

Commission Basis

During the Track Record Period, we derived property management services revenue from a limited number of property management projects on a commission basis, representing nil, nil, and 0.1% of our revenue from property management services for the years ended December 31, 2018, 2019 and 2020, respectively. On a commission basis, we recognize as revenue a pre-determined property management commission fee representing a fixed percentage, generally being 10% of, or a fixed amount out of, the property management fees received or receivable from customers while the remainder of such property management fees served as working capital to cover the cost and expenses incurred for managing such properties.

For the projects charged under a commission basis, service center of each property generally does not have an independent bank account, and it typically use our finance and cost center to collect and make property management service related payments. On a commission basis, we do not recognize any direct cost under property management service agreements charged on a commission basis in general. Such costs are borne by our customers, such as property owners, property developers and residents, as the case maybe. If the working capital balance of a property is insufficient to cover costs and expenses incurred, the shortfall is recognized as trade receivable subject to impairment. When the ending balance after paying for all property management service costs and expenses is positive, the balance is carried over to the next year. We do not have any claim to such balance besides our pre-determined commission, nor do we recognize any cost of sales under commission basis in general.

Pricing of Property Management Fees

We generally price our services based on a number of factors, including (i) the types, size and locations of the properties, (ii) the scope and quality of our services, (iii) our estimated costs and expenses, (iv) our target profit margins, (v) the profiles of property owners and residents, (vi) the local government's guidance price on property management fees, where applicable, and (vii) the pricing of comparable properties. We may negotiate with property owners and residents to raise the property management fees upon renewal of the contracts. For the property management agreements without fixed terms, we can raise our property management fee rates after obtaining the approval of a requisite number of property owners in accordance with applicable PRC laws and regulations.

The relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of the fees charged in relation to property management services, and we may need to refer to government guidance prices for such fees. In December 2014, the NDRC issued the Circular of NDRC on the Opinions on Relaxing Fees Controls in Certain Services(《國家發展改革委關於放開部分服務價格意見的通知》) (the "**NDRC Price Control Circular**"), which requires the provincial-level price administration authorities to abolish all price control or guidance policies on residential properties other than affordable housing, housing-reform properties and properties in old residential areas and preliminary property management agreements. For more information, please refer to the section headed "Regulatory Overview – Legal Regulations over Property Management Services – Property Service Charges". We expect that the pricing controls over residential properties will gradually relax over time as relevant local authorities continue to pass regulations to implement the Price Control Liberalization Circular. Our preliminary property management projects for residential properties in Wuhan, Xi'an, Wuxi, Hangzhou, Liaocheng, Langfang and Zhaoqing and our property management projects of government-supported houses in Zhengzhou are subject to government guidance price. As of the Latest Practicable Date, seven properties under our management and nine properties that we contracted to manage are located in the above-mentioned cities and subject to the government's price control. During the Track Record Period, all the property management fees charged by us complied with the government guidance price. According to NDRC Price Control Circular, as advised by the PRC Legal Adviser, there is no price control nor government guidance price for non-residential properties.

In 2018, 2019 and 2020, the average property management fee for properties was approximately RMB1.78 per sq.m. per month, RMB1.95 per sq.m. per month, and RMB2.00 per sq.m. per month, respectively. The growth in our average property management fees during the Track Record Period was primarily due to the fact that we were able to charge higher property management fees for certain properties delivered in 2019 and 2020 given our well-established track record and enhanced brand name, and also due to the addition of properties under management located in provincial capitals such as Hangzhou and Wuhan, where the property management fees were relatively high compared to those of other properties in our project portfolio.

The following table sets forth the average property management fees we charged by region during the Track Record Period.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB per sq.m. per month)		
Henan Province	1.78	1.84	1.93
Hubei Province	N/A	3.30	3.30
Zhejiang Province	N/A	4.22	3.42
Overall	**1.78**	**1.95**	**2.00**

The following table sets forth the average property management fees for residential properties and non-residential developed by Kangqiao Group and third-party property developers during the Track Record Period.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB per sq.m. per month)		
Residential properties			
– Developed by Kangqiao Group[(1)]	2.17	2.31	2.47
– Developed by third-party property developers[(2)]	1.44	1.47	1.54
– Overall average property management fee for residential properties	1.74	1.81	1.90
Non-residential properties			
– Developed by third-party property developers[(2)]	2.44	3.53	3.52
– Overall average property management fee for non-residential properties	2.44	3.53	3.52
Overall average property management fee	**1.78**	**1.95**	**2.00**

Notes:

(1) Includes properties solely developed by Kangqiao Group and jointly developed by Kangqiao Group and other property developers for which Kangqiao Group held a controlling interest.

(2) Includes properties solely developed by third-party property developers that are independent of Kangqiao Group and our Controlling Shareholders.

During the Track Record Period, the average property management fees of residential properties developed by Kangqiao Group is generally higher than those developed by third-party property developers, mainly because the properties developed by Kangqiao Group are mainly located in the provincial capital of Henan Province and its surrounding key areas, where the property management fees are relatively high as compared to residential properties in the other cities of Henan Province developed by third-party property developers.

The increase in average property management fees for residential properties developed by Kangqiao Group were primarily due to the increased average property management fees in the relevant projects delivered in 2019 and 2020, which was further attributable to the increased amount of higher-end properties developed and delivered by Kangqiao Group in Zhengzhou, the provincial capital of Henan, where customers generally requested higher-quality services and in turn accepted higher property management fees. The average property management fees of non-residential properties developed by third-party property developers experienced a significant increase during the Track Record Period, which was primarily due to (i) the increased proportion of higher-end commercial properties under our management in provincial capitals with relatively high property management fees, and (ii) our improved service quality which gained recognition from customers and enabled us to set higher property management fees.

Payment Terms and Credit Terms

We collect property management fees according to the terms of the relevant property management contracts. Generally, we charge property management fees on an annual, semi-annual, quarterly or monthly basis pursuant to relevant agreements, and do not grant credit terms to customers for the property management fees we charge. We generally send out demand notes to property owners and/or property developers for properties under our management after payment due dates, and we typically request customers to make payment for our property management services upon the receipt of our demand note.

We primarily accept payments for property management fees through bank transfers, cash, credit card or third-party online payment platforms such as WeChat Pay and AliPay, or through our "Kang Yun You Jia (康雲優家)" mobile application. To the extent permitted by relevant laws and regulations, we charge property owners at the properties we manage a utility fee for the water and electricity consumed by public facilities, public equipment and common areas in addition to the agreed property management fees.

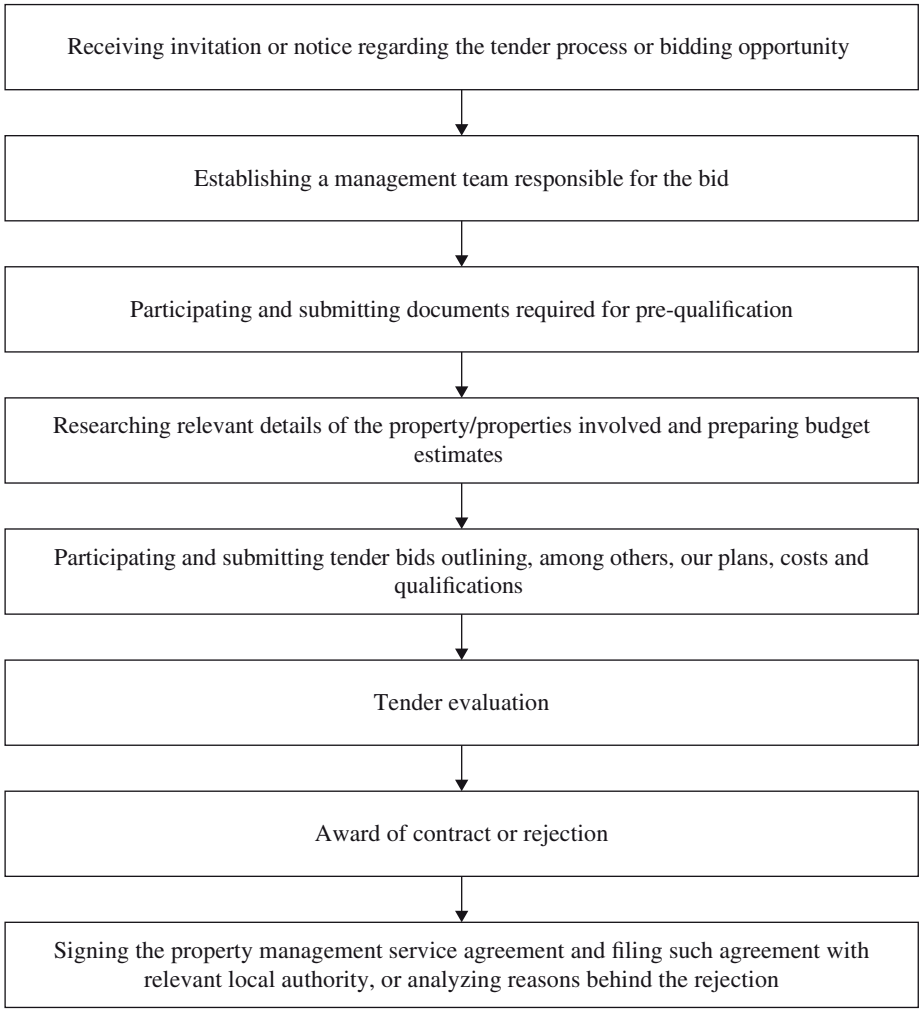
Tender Process

A majority of our property management service agreements are obtained by participating in tenders, a process whereby property developers or property owners' associations evaluate and select from multiple property management service providers. Invitations to tenders are generally issued by property developers for properties, or from property owners' associations for residential communities that wish to replace their existing property management service providers. Under PRC laws and regulations, property management companies are required to

obtain preliminary property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders for any small-scale properties, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. See "Regulatory Overview – Legal Regulations over Property Management Services – Appointment of Property Management Companies" for more information on the relevant legal requirements on tender processes. A tender process is also required for engaging property management service providers for services over a designated amount in relation to non-residential properties owned by the PRC government agencies, institutions or organizations according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations.

As of December 31, 2020, we had entered into preliminary property management agreements for five properties without completing the required tender and bidding process under PRC laws and regulations, which cover an aggregate GFA of 1.05 million sq.m. The relevant properties were not ready to be delivered to us for management, so we had not generated revenue from these properties during the Track Record Period and up to the Latest Practicable Date. According to the PRC Legal Adviser, under the relevant laws and regulations, property developers shall, by means of bidding and tendering, select and employ preliminary property management companies to implement preliminary property management. As advised by our PRC Legal Adviser, there are no specific laws and regulations in the PRC which set out administrative penalties on property management companies for failing to undergo tender and bidding processes when obtaining preliminary property management service agreements. See "Risk Factors – Risks Relating to Our Business and Industry – We entered into some of our property management agreements without completing the required tender and bidding process" for the associated risk factor. During the Track Record Period, save as disclosed above, we have not breached any tender requirements required by relevant PRC laws and regulations.

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



For properties developed by Kangqiao Group, we also participate in the tender process as required by relevant PRC laws and regulations before being awarded property management service agreement, which is a standard tender process regulated by applicable PRC laws and regulations. During the Track Record Period, our tender success rate for properties developed by Kangqiao Group was 100.0%. The high bidding success rate for the projects developed by Kangqiao Group was mainly attributable to (i) our ability to provide high-quality property management services, and (ii) our historical cooperation relationship with Kangqiao Group, which helped us establish good reputation and customers' confidence in our services and reduce communication cost between Kangqiao Group and us, and (iii) the similar service philosophy shared between Kangqiao Group and us, which enabled us to better understand and meet the needs and requirements of Kangqiao Group. We believe the above factors are key considerations of Kangqiao Group when selecting its property management service providers.

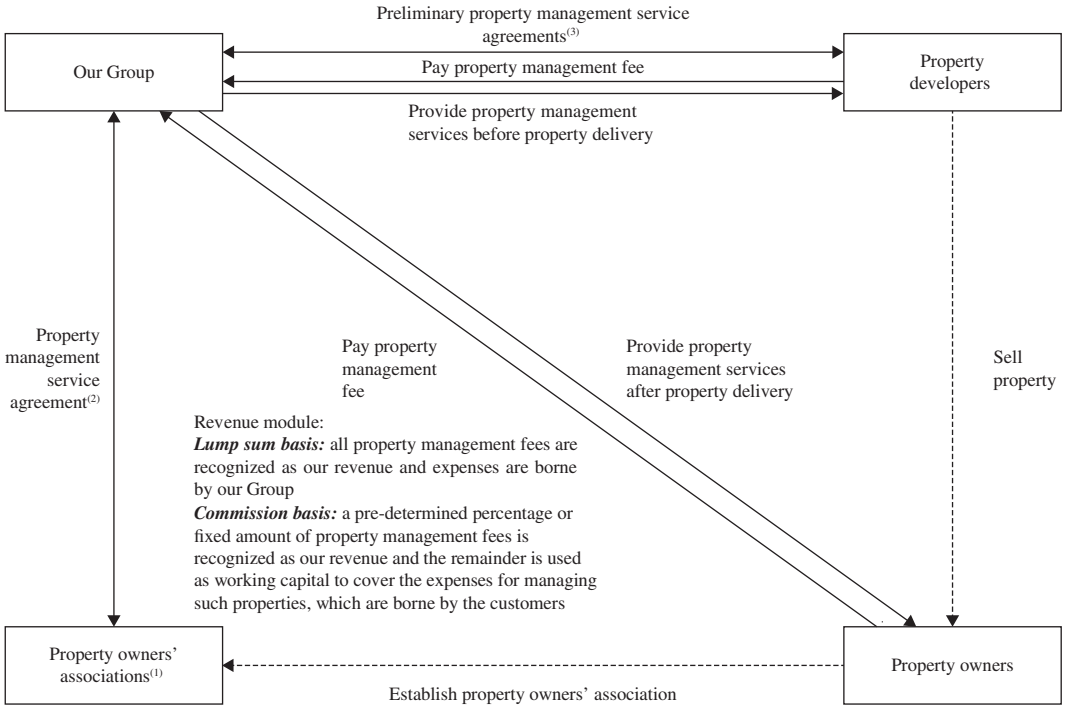
Apart from bidding for projects developed by Kangqiao Group, we have been actively seeking new engagements from third parties. In 2018, 2019 and 2020, we submitted a total of 35, 61, and 63 tender bids to third parties, respectively, achieving a tender success rate of 57.1%, 55.7% and 76.2% for the same periods, respectively. The comparatively low success tender rate for properties developed by third parties was due to our continued efforts to expand business scale by participating in a large number of tender processes, and also due to the fact that we strategically focused on the projects which could further diversify our property portfolio, enhance geographic coverage and help us expand into new markets, such as non-residential properties and new properties located in select cities with higher property management fees. In addition, we adopted other flexible ways to secure project such as strategic acquisition and business negotiations.

Property Management Service Agreements

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

In relation to residential properties that have already been delivered but the property owners' associations have not been established, we typically provide property management services to property owners and residents pursuant to the preliminary property management service agreements that we entered into with the property developer. In relation to residential properties that have already been delivered and property owners' associations have been established, we typically enter into property management service agreements with property owners' associations. For non-residential properties, we typically enter into property management service agreements with property owners for office buildings, commercial properties and industrial parks and other public properties. During the Track Record Period, a majority of our revenue from property management services was generated from residential properties.

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



Notes:

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

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

(3) A preliminary property management service contract entered between a property developer and us before the properties are delivered to property owners is legally binding on the future property owners until its expiry or the effectiveness of a property management service contract entered with the property owners' association in accordance with PRC laws.

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 agreement with a property developer sets out the scope of services, which typically includes, among others, the formulation of property management service plans, repair and maintenance of public facilities and equipment, maintenance of common areas, greening, gardening, cleaning, security.

- *Performance standards*. The agreement sets out specific standards for the main services we provide and the frequency of certain types of services such as inspecting and maintaining elevator systems, power supply and distribution systems, water supply and drainage systems and fire extinguishing system.

- *Property management fees*. The agreement sets out the unit price of property management fees payable for different types of properties, either on a lump sum basis or on a commission basis. The property developer is responsible for paying the property management fees for property units, which typically begin to accrue after the execution of the property management contract and upon delivery of the unit to a buyer. For overdue property management fees, property developers shall pay a daily surcharge, at a certain percentage of the overdue amount, and we may suspend the provision of value-added services and may take further remedial measures such as legal proceedings.

- *Property developers' obligations*. The property developer is typically responsible for, among others, (i) informing property owners of their obligations to pay property management fees and follow property management policies; (ii) handling certain repair and maintenance obligations; and (iii) offering completion inspection material and other documents as specified in the agreement.

- *Term of service.* Our preliminary property management service contracts generally do not have fixed terms and terminate only when a property owners' association is established and a new property management service contract is entered into to replace the existing contracts with property developer. Preliminary property management service contracts with fixed terms will typically specify that if they expire and no property owners' association has been established, then we will continue to provide our services under the original preliminary property management service contract as if such contract is automatically renewed. Such contract will terminate once a property owners' association is established and a new property management service contract is entered into. Preliminary property management service contracts without fixed terms will terminate once a property owners' association is established and a new property management service contract is entered into.

- *Dispute resolution*. Parties are typically required to resolve any contractual disputes through negotiations first before they resort to legal proceedings or arbitration.

- *Subcontracting arrangement.* We may outsource certain services to qualified third-party subcontractors.

After the delivery of properties by the property developers to the property owners, the property owners may form a property owners' association to manage the properties. Under relevant PRC laws and regulations, the property owners within a single property management area shall, under the direction of town or township people's government or the real estate administration department of the country or district people's government in the locality of relevant real estate or the street office thereof, establish and elect a property owners' association, unless there is only one property owner or where there are relatively few property owners and they are all in agreement, the property owners(s) may choose not to establish property owners' association.

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, two properties under our management had established property owners' associations, accounting for approximately 2.1% of the total number of residential properties under our management as of the same date. Such property owners' associations had not requested to replace us with other property management companies as of the Latest Practicable Date. The property owners' associations are independent from us. We need to provide quality services at a competitive rate to the residents and property owners in order to secure our engagement in the property owners' meeting. According to the Regulations on Property Management (《物業管理條例》), the property owners' association can hire or dismiss property management service providers by votes from the property owners who own over half of the total GFA of the community and who represent more than half of the total number of the property owners at the property owners' meeting. The property owners' association may either hire new property management service providers through competitive bidding or enter into a contract with a property management service provider directly based on specified standards, such as terms and conditions of service, service quality and service price.

For properties where we have entered into property management service agreements with property developers without fixed terms, property owners and residents are obligated to pay property management fees to us until the property owners' associations enter into new property management service agreements with the property management companies selected by the general meetings of the property owners and the new agreements become effective. For agreements with fixed terms that expire prior to the formation of property owners' associations, the property developer is typically responsible for renewing the agreements with us or selecting a new property management company. If, upon the expiration of a preliminary property management service agreement, 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, (i) the preliminary property management service agreement will be renewed automatically until a new property management service agreement with the property owners' association is entered into if there is applicable provision in the preliminary property management service agreement to that effect; or (ii) the property developers and us may choose to extend the services absent any automatic renewal provision in the preliminary property management service agreement, in which event a new property management service agreement will be entered into between the property developer and us.

Key Terms of Agreements with Property Owners' Association

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

- *Scope of services*. Under a typical agreement with a property owners' association, we provide general property management services, including, among others, repair and maintenance of public facilities and equipment, maintenance of common areas, greening, gardening, cleaning, security, fire control and emergency response. If the owners or

residents request other services, such as housekeeping and other customized services, they may need to pay additional fees as separately negotiated or agreed with us. In addition, we may also agree to collect utility charges from property owners and residents on behalf of utility companies.

- *Performance standards.* The agreement sets forth the expected standards for our property management services, including the frequency of performance of services such as inspecting and maintaining elevator systems and fire extinguishing systems.

- *Property management fees.* The agreement sets out the amount of property management fees payable on a lump sum basis. When payable on a lump sum basis, our property management fees are generally charged by GFA. For overdue property management fees, property owners and residents pay an overdue charge as specified in the service agreement. If we have agreed to providing property management service of car parks, the property management service agreement will also detail the fees payable for such services.

- *Rights and obligations of property owners and residents*. According to relevant PRC laws and regulations, the property owners' association is elected by property owners, and represents their interests in matters concerning property management. The decisions made by property owners' associations are binding on all property owners. As advised by our PRC Legal Adviser, contracts between property owners' associations and property management companies, including the various legal rights and obligations of property owners under such contracts, are valid and legally binding on property owners, whom their respective property owners' associations represent, even if the property owners are not parties to such contracts. As a result, we have legal claims against property owners for accrued and outstanding property management fees. Property owners and residents have the right to be informed of and supervise the use of public funds and the management of common areas and public facilities and review the annual budget and property management plan prepared by us. Before selling their properties, property owners shall pay up all outstanding property management fees to us. Property owners bear joint liabilities with the residents of their properties with respect to the payment of property management fees.

- *Rights and obligations of property owners' associations*. Property owners' associations have the right to supervise the use of public funds, the management of common areas and public facilities, and review property management plans prepared by us and supervise the execution of such plans. Property owners' associations shall provide necessary support to us to facilitate our work, such as all necessary drawings, records, materials and an office.

- *Terms and termination.* In general, such contracts have fixed terms typically for a duration of one to three years. If any party of the agreement decides to renew the agreement, it is typically responsible for delivering notices to the other party at least 60 days in advance.

- *Dispute resolution*. Parties are typically required to resolve any contractual disputes through negotiations first before they resort to legal proceedings or arbitration.

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 which largely track the terms contained in property management service agreements in residential properties under our management, such as scope of services, performance standards, property management fees, the parties' respective rights and obligations, terms of services and dispute resolutions.

Expiration Schedule of Property Management Service Agreements

We enter into property management service agreements with or without fixed terms with property developers, property owners' associations or property owners. As of December 31, 2020, a majority of our property management agreements did not have fixed terms or had fixed terms with automatic renewal clauses, while the rest with fixed terms but without automatic renewal clauses in general have a term ranging from one year to five years.

The table below sets forth the expiration schedule of our property management agreements as of December 31, 2020.

	Contracted GFA	**Number of agreements**
	(in thousands, sq.m.)	
Property management agreements without fixed term, or agreements with fixed terms and automatic renewal clauses[(1)]	**34,168**	**204**
Property management agreements with fixed terms expired expiring in		
Year ending December 31, 2021	1,384	10
Year ending December 31, 2022	1,740	10
Year ending December 31, 2023 and beyond	1,733	14
Subtotal	**4,857**	**34**
Total	**39,025**	**238**

Note:

(1) Property management agreements without fixed terms and property management agreements with fixed terms and automatic renewal clauses are generally preliminary property management service contracts entered into with property developers. They will usually terminate when property owners' associations are established and a new property management agreement is entered into and becomes effective. In addition, during the Track Record Period, our Group had continued to provide services to property developers, owners and residents pursuant to certain fixed-term agreements after the expiration of such terms whether or not they contain automatic renewal clauses. As of December 31, 2020, we provided property management services under 11 property management contracts beyond contract expiration, covering the contracted GFA of 2.4 million sq.m. As advised by our PRC Legal Adviser, if the majority of property owners, provided that they represent more than half of the relevant community and also own more than 50% of the aggregate GFA of the relevant community, acknowledge and approve the performance of our group by paying property service fees to us, a factual contract has without fixed terms been established between the property owners and us for the period in which the property service fees have been paid by such majority property owners.

We expect the property management fees of RMB330.0 million and RMB443.0 million would be collected for the year ending December 31, 2021 and 2022, respectively, under all property management agreements as of December 31, 2020. When we evaluate the property management fees to be collected by us in 2021 and 2022, we mainly take into account the average property management fees in 2020, revenue from properties under management in 2020, the GFA from properties expected to be delivered and the delivery plan in 2021 and 2022.

As of December 31, 2020, almost all of the property management agreements for properties developed by Kangqiao Group are preliminary property management agreements without fixed terms or with fixed terms and automatic renewal clauses. Such agreements can be terminated when the property owners' associations are formed and decide to select other property management companies.

We had been expanding our property management services business during the Track Record Period primarily through obtaining new service engagements from property developers or property owners' associations and acquiring of regional property management companies. The table below indicates the movement of our (i) contracted GFA and (ii) GFA under management and their relevant number of properties during the Track Record Period.

	For the year ended December 31,											
	2018				2019				2020			
	Contracted GFA	Number of contracted properties[4]	GFA under management	Number of properties under management	Contracted GFA	Number of contracted properties[4]	GFA under management	Number of properties under management	Contracted GFA	Number of contracted properties[4]	GFA under management	Number of properties under management
	(000'sq.m.)		*(000'sq.m.)*		*(000'sq.m.)*		*(000'sq.m.)*		*(000'sq.m.)*		*(000'sq.m.)*	
As at the beginning of the year	13,748	77	7,132	46	20,949	116	8,728	59	29,595	172	12,249	83
New engagements[1]	8,192	45	2,361	18	8,197	46	3,567	21	8,400	56	2,819	23
Acquisitions[2]	–	–	–	–	1,250	15	588	9	1,088	11	705	7
Terminations[3]	989	6	765	5	801	5	634	6	57	1	57	1
As at end of the year	**20,949**	**116**	**8,728**	**59**	**29,595**	**172**	**12,249**	**83**	**39,025**	**238**	**15,716**	**112**

Notes:

(1) In relation to residential communities we manage, new engagements primarily include service engagements for new property developments constructed by property developers and to a lesser extent, service engagements for residential communities replacing their previous property management companies.

(2) These refer to new engagements obtained through our acquisitions of certain property management companies during the Track Record Period.

(3) Primarily refers to the properties for which we ceased to provide property management services, mainly reflecting our reallocation of resources to relatively higher quality projects in an effort to optimize our property management portfolio. In 2019, we had a project suspended while its contract was still in effect, as a result of which, this project was not considered as a property under management but as a contracted property in 2019, and thus the number of properties under management terminated in 2019 was more than the number of contracted properties terminated in the same year.

(4) Refers to the number of properties that we were contracted to manage.

The table below sets forth the movement of our contracted GFA, GFA under management and their relevant number of properties by type of properties developers for the years indicated.

	Year ended December 31,											
	2018				2019				2020			
	Contracted GFA	Number of contracted properties[2]	GFA under management	Number of properties under management	Contracted GFA	Number of contracted properties[2]	GFA under management	Number of properties under management	Contracted GFA	Number of contracted properties[2]	GFA under management	Number of properties under management
	(000'sq.m.)		*(000'sq.m.)*		*(000'sq.m.)*		*(000'sq.m.)*		*(000'sq.m.)*		*(000'sq.m.)*	
Kangqiao Group and its joint ventures and associates												
– As at beginning of the year	5,997	35	3,045	17	7,678	48	3,299	21	9,042	58	4,886	31
– New engagements	1,681	13	254	4	1,364	10	1,588	10	1,888	11	1,011	5
– Acquisitions[1]	–	–	–	–	–	–	–	–	–	–	–	–
– Terminations	–	–	–	–	–	–	–	–	–	–	–	–
– As at end of the year	7,678	48	3,299	21	9,042	58	4,886	31	10,930	69	5,897	36
Third-party property developers												
– As at beginning of the year	7,751	42	4,087	29	13,271	68	5,429	38	20,553	114	7,363	52
– New engagements	6,510	32	2,107	14	6,833	36	1,981	11	6,513	45	1,807	18
– Acquisitions[1]	–	–	–	–	1,250	15	588	9	1,088	11	706	7
– Terminations	989	6	765	5	801	5	634	6	57	1	57	1
– As at end of the year	13,271	68	5,429	38	20,553	114	7,363	52	28,096	169	9,819	76

Notes:

(1) These refer to new engagements obtained through our acquisitions of certain property management companies during the Track Record Period.

(2) Refers to the number of properties that we were contracted to manage.

Below sets forth the retention rates for properties under management by signing party of property management agreements during the Track Record Period:

	Year ended December 31,		
	2018	**2019**	**2020**
		(%)	
Retention rate[(1)]			
– Kangqiao Group[(2)]	100.0	100.0	100.0
– Third-party property developers[(3)]	90.9	97.8	98.4
– Property owners' associations[(4)]	33.3	50.0	100.0
– Others[(5)]	100.0	70.0	100.0
Total	**92.2**	**94.3**	**99.1**

Notes:

(1) Our retention rate refers to the aggregate number of properties under management as of the end of the year divided by the aggregate number of properties under management as of the end of the year and properties we cease to manage during the same year. We retained 59 out of 64 property management agreements in 2018, 83 out of 88 property management agreements in 2019, 112 out of 113 property management agreements in 2020.

(2) We retained 21 out of 21 property management agreements with Kangqiao Group in 2018, 31 out of 31 property management agreements with Kangqiao Group in 2019, 36 out of 36 property management agreements with Kangqiao Group in 2020.

(3) We retained 30 out of 33 property management agreements with third-party property developers in 2018, 44 out of 45 property management agreements with third-party property developers in 2019, 61 out of 62 property management agreements with third-party property developers in 2020.

(4) We retained one out of three property management agreements with property owners' associations in 2018, one out of two property management agreements with property owners' associations in 2019, two out of two property management agreements with property owners' associations in 2020.

(5) Refers to property owners and others, mainly including schools, local government, hospital and commercial or office building operators. We retained seven out of seven property management agreements with others in 2018, seven out of ten property management agreements with others in 2019, 13 out of 13 property management agreements with others in 2020.

The table below sets forth the renewal rates for our property management agreements during the Track Record Period:

	Year ended December 31,		
	2018	**2019**	**2020**
Expired	5	7	12
Renewed	5	6	11
Renewal rate	100.0%	85.7%	91.7%

Note:

(1) The calculation of renewal rates as illustrated in this table does not take into account four contracts which we chose not to renew voluntarily.

The table below sets forth the renewal rates for our property management agreements by type of customers during the Track Record Period:

	Year ended December 31,		
	2018	**2019**	**2020**
Kangqiao Group and its joint ventures and associates			
– Expired	–	–	–
– Renewed	–	–	–
– Renewal rate	N/A	N/A	N/A
Third-party property developers			
– Expired	5	5	8
– Renewed	5	5	7
– Renewal rate	100.0%	100.0%	87.5%
Property owners' associations			
– Expired	–	–	–
– Renewed	–	–	–
– Renewal rate	N/A	N/A	N/A
Others[(1)]			
– Expired	–	2	4
– Renewed	–	1	4
– Renewal rate	N/A	50.0%	100.0%

Notes:

(1) Refers to property owners and others, mainly including schools, local government, hospital and commercial or office building operators.

(2) The calculation of renewal rates as illustrated in this table does not take into account four contracts which we chose not to renew voluntarily.

In 2018, 2019 and 2020, our renewal rate, which refers to the number of renewed property management service contracts in a year divided by the number of property management service contracts which expired in the same year, for property management service agreements was 100.0%, 85.7%, and 91.7% (excluding four contracts which we chose not to renew voluntarily after considering various factors, including their relatively low property management fees, the small size of these projects that resulted in comparatively high cost and difficulty in achieving economics of scale, and the fact that these projects were not significant to our overall business and results of operations given their contribution to our total GFA and total revenue was small) respectively. We have obtained recognition from our customers for the quality of our services. However, we terminated or did not renew certain projects during the Track Record Period, mainly because, after taking into account the relevant low profit and small scale of these projects, we decided to reallocated resources to the projects with relatively higher quality in order to optimize the property management portfolio. During the same periods, our retention rate, which refers to the aggregate number of properties under management as of the end of the 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, for property management service agreements was 92.2%, 94.3%, and 99.1%, respectively.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Leveraging our property management expertise and capitalizing on our brand recognition, we also offer a series of value-added services to non-property owners, such as property developers and other property management companies, to address their various needs arising throughout various stages of property development and management.

For the years ended December 31, 2018, 2019 and 2020, we generated revenue of RMB66.8 million, RMB117.2 million, and RMB235.4 million, respectively, from value-added services to non-property owners, representing 29.2%, 32.3%, and 40.9% of our total revenue for the respective periods. Our value-added services to non-property owners primarily include (i) sales office management services, (ii) pre-delivery services, and (iii) sales agency services, (iv) construction site management services, and (v) consultancy services. We generally do not give a credit term to customers of our value-added services to non-property owners.

The following table sets out the breakdown of our revenue from value-added services to non-property owners by service type for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Sales office management services	50,904	76.2	86,042	73.4	104,687	44.5
Pre-delivery services	6,979	10.4	14,684	12.5	10,879	4.6
Sales agency services	1,714	2.6	2,724	2.3	97,094	41.2
Construction site management services	6,239	9.4	12,269	10.5	20,133	8.6
Consultancy services	950	1.4	1,507	1.3	2,615	1.1
Total	**66,786**	**100.0**	**117,226**	**100.0**	**235,408**	**100.0**

During the Track Record Period, our revenue generated from value-added services to non-property owners from Kangqiao Group amounted to RMB47.2 million, RMB75.7 million, and RMB166.1 million in 2018 and 2019 and 2020, representing 70.6%, 64.6%, and 70.6% of our total revenue from value-added services to non-property owners during the same years. As we further promoted our brand and industry presence over the years with a view to diversifying our customer base, we have successfully increased the proportion of revenue contributed by third parties independent of Kangqiao Group in this business line from 20.8% in 2018 to 27.7% in 2019. The revenue from value-added services to non-property owners contributed by third parties independent of Kangqiao Group decreased to 24.7% in 2020, primarily due to the fast growth of the revenue from sales agency services, which were mainly provided to Kangqiao Group, as a result of our efforts to expand this business line in 2020. We believe the provision of such services to other property developers would cultivate our relationships with these customers at an early stage of property development so as to enable us to obtain subsequent property management engagements from them.

Sales Office Management Services

During the Track Record Period, we provided property developers with a series of sales office management services to assist with their showcasing properties at property sales venues and display units, so as to create a good service brand for property developers to potential property purchasers. Our sales office management services include, among others, cleaning the display units, visitor reception and management, maintaining the order and security of the sales offices as well as repairing the facilities in the display units.

We enter into agreements relating to sales office management service with the property developer for such work, which generally has a term of one year. We provide our sales office management services through our own employees and sub-contractors. We have implemented quality standards for our sales office management services and regularly assess the quality of such services.

We generally recognize revenue based on the fees we charge. We typically charge a fixed fee for the provision of sales office management services for the contract term which is payable by customers on a monthly basis. Such fee is determined based on a variety of factors, such as the nature and scope of the services, the headcount and positions of the staff we deploy and the size, location and positioning of the properties involved as well as the market price. In 2018, 2019 and 2020, our revenue derived from sales office management services amounted to RMB50.9 million, RMB86.0 million, and RMB104.7 million, respectively, representing 76.2%, 73.4%, and 44.5%, respectively, of our revenue from value-added services provided to non-property owners for the same periods, respectively.

Pre-delivery Services

We offered various types of pre-delivery services which address property developers' needs at different stages of their business operations. At the construction planning stage, we review and optimize developers' construction blueprints and provide recommendations from

the perspective of end users and property management, such as advising on landscaping, fire safety system, waste disposal and drainage systems. During construction, we offer on-site inspection assistance services to properties developers to help monitor the construction progress, inspect key milestones of construction process, and identify and follow up on any quality issues that need to be fixed, to ensure compliance with developers' original design and relevant construction regulations. After completion of construction and before delivery, we offer unit cleaning and inspection services to property developers, which mainly includes unit cleaning before the delivery of properties to make the properties suitable for delivery, as well as quality check of completed properties, reporting to property developers of quality issues and conducting follow-up visits to ensure that the relevant issues have been resolved to our clients' satisfaction. We offer our pre-delivery services through our staff and sub-contractors.

We typically charge pre-delivery services on a per sq.m. basis. In 2018, 2019 and 2020, our revenue derived from pre-delivery services amounted to RMB7.0 million, RMB14.7 million, and RMB10.9 million, respectively, representing 10.4%, 12.5%, and 4.6%, respectively, of our revenue from value-added services provided to non-property owners for the same periods, respectively.

Consultancy Services

We provide consultancy services to property developers and property management companies with respect to the process of property development, mainly including provision of consultancy in relation to brand management and property management of projects, and guidance on team building and training.

Property developers engage us for such consulting services to improve their own project design and performance more from the end users' perspective as we have closer access to property owners and residents' needs and requirements through our provision of property management and community value-added services on a daily basis and we have many years of property management experience to support sufficiently the operation of the full lifecycle of property services throughout the management of the projects. As such, property developers engage us to provide such consultancy services with the aim of maximising improving the design and performance of their own projects through refined property services. We also assist in the promotion and publicity of property developers during the sales period, help building the image of their properties, and provide professional property management advice. For properties managed by other property management companies, we will also assist them in setting up their property service systems through on-site or remote guidance, guiding the projects to carry out their daily property service work according to the property service plan, providing advice for improvement and professional property service consultation, guiding the establishment of project training systems and the formulation of training plans, and providing professional training and guidance so as to reduce the possibility of defects in the service process. We also provide constructive advice and comments on issues that arise in the course of actual operation, helping to improve the level and efficiency of their operations.

For our consultancy services, we typically charge a fee based on the nature and service scope in accordance with relevant contracts. In 2018, 2019 and 2020, our revenue derived from consultancy services amounted to RMB1.0 million, RMB1.5 million, and RMB2.6 million, respectively, representing 1.4%, 1.3%, and 1.1%, respectively, of our revenue from value-added services provided to non-property owners for the same periods, respectively.

Construction Site Management Services

We offer construction site management services to constructors and property developers for managing the security and orderliness of their construction sites. We typically charge service fees on a cost-plus basis. In 2018, 2019 and 2020, our revenue derived from construction site management services amounted to RMB6.2 million, RMB12.3 million and RMB20.1 million, respectively, representing 9.4%, 10.5% and 8.6%, respectively, of our revenue from value-added services provided to non-property owners for the same periods, respectively.

Sales Agency Service

We provide sales agency services in which we mainly facilitate property developers in selling their first-hand properties prior to property delivery. Our sales agency services mainly include (i) sale assistance services at sales office, in which our sales staff conduct sales in accordance with the established sales strategy, providing professional on-site reception, facilitating the signing of property purchase contracts within the scope of property developer's authorization, guiding purchasers to pay various instalments, collecting and collating information in relation to on-site purchaser and sales, and provided a periodic report to our clients; and (ii) sales promotion services, in which we apply our own resources to identify target buyers for pre-sale properties of property developers during the sales phase of property development, promote sales at the sales price determined by property developers, arrange potential buyers to visit the sales office of the project and assist in the completion of the contracting sale of properties. Upon the consummation of a property sale transaction, we generally charge the seller, being the property developer, a commission calculated at a fixed percentage of the actual purchase price. In 2018, 2019 and 2020, our revenue derived from sales agency services amounted to RMB1.7 million, RMB2.7 million and RMB97.1 million. The significant increase in the revenue derived from sales agency services from 2019 to 2020 was mainly due to the fact that we started to focus on the development of property agency business since the second half of 2020. During the Track Record Period, we have gradually expanded our professional sales agency team, actively seized the business opportunity to achieve significant growth in our performance by taking advantage of the characteristics of high stickiness between property management companies and property owners.

During the Track Record Period, Kangqiao Group engaged our Group to provide value-added services to non-property owners, community value-added services and property management services for all the properties it solely developed and delivered (except sales agency services for first-hand properties developed by Kangqiao Group), and our Group was engaged to provide value-added services to non-property owners, community value-added

services and property management services for a majority of properties jointly developed by Kangqiao Group and third-party developers. As such, our Directors are of the view that it is unlikely that our current business relationship with Kangqiao Group would be materially adversely changed or terminated. Furthermore, as of December 31, 2020, Kangqiao Group had 33 property projects under construction with an aggregated planned gross GFA of approximately 4.9 million sq.m. which has already been contracted to us. It is expected that our Group will continue to be engaged by Kangqiao Group to provide property management services and value-added services of their properties, details of which are set out in "Continuing Connected Transactions."

Specifically, in 2018 and 2019, we provided sales promotion services to Kangqiao Group, which mainly included identifying target buyers and promoting sales of properties at our retail stores as mentioned above. Through provision of such services, we gained valuable experience and knowledge in sales of properties, improved sales skills of our staff and expanded our network of resources. Meanwhile, we gradually enlarged our professional sales agency team by recruiting more experienced staff. Due to the steady growth of such business, our revenue derived from sales agency services increased from RMB1.7 million in 2018 to RMB2.7 million in 2019.

In the second half of 2020, in addition to sales promotion services at retail stores, we were engaged by Kangqiao Group to facilitate property sales at sales offices. Such sales assistance service we provided to Kangqiao Group in 2020 included, among others, professional reception to potential buyers at sales offices, promoting sales on site and facilitating the signing of contracts within the scope of authorization as elaborated above. As a result, our revenue from sales agency services increased substantially from RMB2.7 million in 2019 to RMB97.1 million in 2020.

We were engaged by Kangqiao Group for providing such sales agency services in 2020, mainly due to (i) our familiarity to the property projects developed by Kangqiao Group since we provided sales office management services, pre-delivery services and other services for such properties starting from an early stage of property development, and (ii) our experience in sales agency services, especially our sales skills and knowledge on the preference of potential buyers or property owners of Kangqiao Group's properties, which we obtained through our previous sales promotion services and property management services. Therefore, we believe our sales agency services provided to Kangqiao Group arose from genuine business needs and was conducted on normal commercial terms.

We always strive to offer better services covering the entire life cycle of the service value chain, including sales agency services. Therefore, we seized this opportunity to vigorously develop our sales agency services starting from August 2020 to further expand our sales agency team, improve our service quality and enhance our brand recognition in this regard. We also actively seek engagement from third parties for provision of sales agency services. For instance, we have opened up 7, 17 and 26 retail stores for each of the three years ended December 31, 2020 across different regions in China and have provided sale agency services

for first-hand properties developed by independent property developers in 48 residential communities during the Track Record Period. We believe our sales agency services provided to third parties will continue to grow in the future.

Our revenue derived from sales office management services increased significantly from RMB50.9 million in 2018 to RMB104.7 million in 2020, reflecting (i) an increase of RMB32.6 million in revenue from sales office management services provided to Independent Third Parties, as the relevant number of projects increased as a result of our successful efforts in business expansion; and (ii) an increase of RMB21.2 million in revenue from sales office management services provided to Kangqiao Group and its joint ventures and associates as the demand for sales office management services of Kangqiao Group and its joint ventures and associates increased with their opening of new sales offices. We were engaged by Kangqiao Group to provide sales office management services mainly due to our experience in offering such services and our familiarity to Kangqiao Group's requirements on the service quality based on our long-term cooperation. Based on the above, we believe our sales office management services arose from genuine business needs and was conducted on normal commercial terms.

We expect that the revenue arising from sales agency services and other value-added services to Kangqiao Group and its joint ventures and associates will continue to grow substantially after the Listing. See "Continuing Connected Transactions" for more details.

COMMUNITY VALUE-ADDED SERVICES

Leveraging our long-term experience and professional teams for property management, we provide a wide range of community value-added services to property owners and residents. We provide these services through our daily contact and interaction with property owners and residents during our traditional property management services and through a variety of channels. For the years ended December 31, 2018, 2019 and 2020, we generated revenue of RMB29.6 million, RMB68.8 million and RMB85.2 million, respectively, from our community value-added services, representing 12.9%, 19.0% and 14.8%, respectively, of our total revenue during the same periods.

In order to improve the community living experience of property owners and residents at the properties we manage and to preserve and increase the value of their properties, we mainly provide three types of community value-added services to property owners and residents, namely, include (i) home-living services, which mainly include housekeeping and cleaning services, home maintenance services, decoration and move-in furnishing services and shopping services to property owners and residents, (ii) community operation services with respect to managing community spaces and optimizing the utilization of public resources and (iii) asset operation services, which mainly include property agency services in relation to second-hand properties and unsold parking spaces after property delivery, and rental services in relation to parking spaces and shop space.

The following table sets forth a breakdown of our revenue generated from community value-added services for the periods indicated.

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Home-living services	5,496	18.6	6,528	9.5	9,634	11.3
Community operation services	11,777	39.8	16,890	24.6	23,471	27.5
Asset operation services	12,312	41.6	45,357	65.9	52,116	61.2
Total	**29,585**	**100.0**	**68,775**	**100.0**	**85,221**	**100.0**

Home-living Services

We offer a wide spectrum of home-living services to improve the living experiences of residents, which primarily include housekeeping and cleaning services, decoration and move-in furnishing services, home maintenance services and shopping services.

Decoration and move-in furnishing services. We assist property owners and residents of our managed properties in identifying suitable third-party decoration companies, and help connect with such third-party decoration companies to offer basic home decoration services which typically include construction, purchases of furniture, home appliances and decoration. In some cases, we also connect our customers with third-party decoration service provider with turnkey furnishing capabilities, which may include purchases and arrangement on the installation of furniture, home appliances and accessories according to the property owners or the residents' preferences and budgets to create a move-in ready residence. We charge a commission fee pursuant to relevant service contracts, which is typically a fixed percentage based on the contract amount and generally borne by third-party decoration companies.

Home maintenance services. We offer home maintenance services to property owners and residents who need repair and installation of home appliances and fixtures. Our services are generally made through our own employees. We directly work with property owners and residents who requested such services and charge the property owners and residents for our services in according to pricing schedules, which may vary depending on the property.

Shopping services. We provide a variety of products to property owners and residents in the properties under management, mainly through our online service platform "Kang Yun You Jia" (康雲優家). Please see the subsection headed "– Standardized Operation and Smart Management – Online Platform Services" for more information. The products we offer primarily include daily necessities, which are usually priced at a discount through bulk

purchases, allowing our property owners and residents to enjoy such as part of the benefit of living in a property managed by us. We generate profit from placing a mark-up price on top of the offer price set by the third-party vendors.

Housekeeping and Cleaning. We offer housekeeping and cleaning services either by ourselves or through qualified subcontractors. Our cleaning services mainly include collecting waste produced from property construction and/or interior decoration.

Community Operation Services

We offer various community operation services to property owners and residents of properties under our management. Our community operation services primarily include public spaces management services, such as provision of management or consulting services in relation to public space leasing and advertising, catering services and supply of drinking water. In particular, we are devoted to increasing our income from the operation of our community resources through optimizing the public area sources, including assisting third parties in seeking suitable places to operate or promote their businesses. We also develop other supporting services in light of different needs and conditions of the community to offer differentiated services for customers with diverse needs. For example, we cooperate with third parties to offer electric vehicle charging stations where property owners and residents can charge their electric vehicles, and offer potable water stations where property owners can purchase drinking water. We typically charge our customers directly who use such services with fees that actually occur on each occasion.

Asset Operation Services

We, acting as an agent, provide property agency services to property owners, residents and property developers for sales or rental transactions of properties after delivery, mainly in respect of second-hand properties and unsold carparks, so as to preserve and increase the value of their assets. Upon the closing of a secondary sale of property, we charge a pre-determined commission. Upon the closing of a sale of carparks, we charge a commission based on the number of parking space sold, which is typically borne by property developers. During the Track Record Period, such carpark spaces were located in the properties under our management. Upon the closing of a rental transaction, we typically charge a pre-determined commission from the lessee.

In addition, we lease parking spaces and shop spaces from property developers and sublease such spaces in exchange for monthly rental fees. We generally start leasing parking spaces and shop spaces from property developers before receiving requests from end-users for utilizing such spaces. The occupancy rate of such parking spaces and shop spaces was 78.1%, 69.2% and 89.4%, respectively, as of December 31, 2018, 2019 and 2020. In 2018, 2019 and 2020, the aggregate rental costs from leasing parking spaces and shop spaces for subleasing purpose amounted to RMB3.5 million, RMB3.1 million, and RMB4.2 million, respectively, representing 2.0%, 1.2% and 1.1% of our total cost of sales, which were consist of rental expenses, depreciation of right-of-use assets and investment properties related to lease of

parking and shop spaces. The aggregate rental income from subleasing parking spaces and shop spaces amounted to RMB7.3 million, RMB7.7 million and RMB9.5 million, respectively, representing 3.2%, 2.1% and 1.7% of our total revenue during the same periods. We have reduced the scale of this business line by not renewing certain lease agreements since January 2021 so as to reallocate resources to other business according to our development strategies. We plan to discontinue the provision of such subleasing services upon expiration of relevant agreements.

The revenue generated from our asset operation services increased significantly during the Track Record Period, which was mainly due to the fast growth of sales agency services with respect to second-hand properties and unsold carparks. Since the second half of 2018, we have gradually expanded our professional sales agency team and improved relevant incentive policies. Through analyzing the data obtained from our management system, we achieved better understanding of customers' needs and realized more efficient communication with clients. By taking advantage of the characteristics of high stickiness between property management companies and property owners, we have actively seized the business opportunity and successfully achieved significant growth of our revenue from provision of sales agency services.

For the community value-added services which involves the collaboration with third party service providers or merchants, we select suitable third party service providers or merchants based on a number of factors including quality of products or services, price competitiveness and responsiveness to demands of customers. We adopt strict entry threshold and quality control measures to ensure the quality of products or services provided by such third parties. We typically enter into written collaboration agreements with such third parties, providing, among other things, referral fee rates, settlement mechanisms, logistics for deliveries of products or services and liability for compensation. We may replace a third party service provider or merchant in the event of substandard performances.

EFFECT 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 reported in December 2019 and continues to expand globally. The PRC Government has imposed strict measures across the PRC since early 2020, such as mandatory quarantine requirements on infected individuals and anyone deemed potentially infected, lock-down measures across several cities and the extended shutdown of business operations. In addition, the PRC Government has also adopted various incentive policies to boost the economy to ease the negative impact of the COVID-19 pandemic.

To the best knowledge of our Directors, since the outbreak of COVID-19 pandemic and up to the Latest Practicable Date, there had been no reported cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC. Neither had we encountered any material disruption to the services provided by our subcontractors and utilities service providers, or the supply of materials from our suppliers.

We are of the view that the outbreak of COVID-19 pandemic has not had a material adverse impact on our continuing business operation and sustainability. Since the outbreak of COVID-19 and up to the Latest Practicable Date, approximately 13 projects that were contracted to us for property management services experienced certain delays in delivery ranging from two to nine months from their originally planned delivery date, out of which, a majority has been delivered for management as of the Latest Practicable Date. Our Directors consider the financial impact from such delays in project delivery on us to be immaterial, particularly in light of the facts that such delayed projects only represented a small portion of the total contracted but undelivered GFA as of the Latest Practicable Date and the increases in our GFA under management, revenue and gross profit due to the continued business expansion despite any negative effects from the COVID-19 outbreak.

As of the Latest Practicable Date, we only had one residential project under management with a GFA of 52.0 thousand sq.m. and one projects for which we have provided sale office management services, which are located in Wuhan, Hubei Province, of which the residential project under our management accounted for approximately 0.3% of our total GFA under management as of the same date. Our business in Hubei Province contributed revenue of RMB2.1 million, RMB0.8 million and RMB2.3 million in 2018, 2019 and 2020, respectively, representing approximately 0.9%, 0.2% and 0.4% of our total revenue during the same periods. Therefore, our business volume in Hubei accounted for a minimal amount of our overall business volume.

Our property management services were not suspended or interrupted since the outbreak of the COVID-19 up to the Latest Practicable Date. Our GFA under management increased from 8.7 million sq.m. as of December 31, 2018 to 12.2 million sq.m. as of December 31, 2019, and further increased to 15.7 million sq.m. as of December 31, 2020. Our revenue from property management services increased from RMB176.8 million in 2019 to RMB255.0 million in 2020, representing an annual growth rate of 44.2%. Our key financial and operating indicators, such as gross profit margin and collection rate, in 2020 remained relatively stable as compared to 2019.

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 certain of services such as sales office management service, property agency services, construction site management services, decoration and move-in furnishing were affected. However, the quarantine or 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 services.

In particular, during the period shortly after the outbreak of the COVID-19 pandemic, which mainly covered February to April of 2020, our sales office management services, pre-delivery services and construction site management services were affected to a certain extent due to the government's requirement to close sales sites and suspend the property development process. However, the closure of sales sites was caused by the suspension of sales activities and property developers still needed to retain some of our personnel to provide cleaning, disinfection and security maintenance and other sale office management services, and the pre-delivery services are generally paid in accordance with the progress of work, so we are still able to charge relevant fee for a certain percentage of our sales office management services and completed pre-delivery services in accordance with the terms of the contracts with our clients. As of the Latest Practicable Date, our sales office management services, pre-delivery services and construction site management services for projects had been resumed as normal. Based on the above, the COVID-19 only had a very limited adverse impact on our value-added services to non-property owners.

As to community value-added services, during the outbreak of the COVID-19 epidemic, due to lock-down measures in place in many properties under our management, our community value-added services were negatively affected. For example, since the outbreak of COVID-19 and up to the Latest Practicable Date, three shop spaces we subleased to third parties were temporarily closed for a certain period, for which we waived rent of a month, or extended lease term of one to three months for free. However, the lock-down measures have also resulted in residents' increasing reliance on community value-added services to address their daily living needs, and therefore certain type of our services, such as shopping services, experienced a growth during the COVID-19 epidemic. As the epidemic has been effectively controlled, our community value-added services have been resumed as normal.

According to CIA, the COVID-19 pandemic is not expected to bring about material constraints on the medium and long-term development of property management companies. We believe our efforts in response to the COVID-19 pandemic, including a series of hygiene and precautionary measures across the properties under our management, has earned us higher degrees of trust and reliance from property owners and residents at properties under our management. We were awarded the Top 50 Property Management Companies in China in terms of Satisfaction of Anti-epidemic Performance (中國物業服務防疫滿意度企業50強) by Leju Finance (樂居財經) in 2020. In addition, to the best knowledge of our Directors, we do not anticipate there will be any material delay in sales, construction and delivery of the properties developed by Kangqiao Group or third-party property developers for our management as scheduled.

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.

Our Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, we have implemented a series of hygiene and precautionary measures across the properties under our management since late January 2020. For example, as to entrance management, we verify the identities of all people and vehicles entering properties under our management, and check the body temperature of every person that pass through our gates during the outbreak of COVID-19. We also spray disinfectants and maintain cleanliness of public facilities, building corridors, elevators and other common areas of properties under our management. Furthermore, we set up courier storage points at the property gates in order to avoid gathering and face-to-face interaction and reduce risk of infection. For the takeout deliveries staffs, we typically allow entrance only after we have registered their information and confirmed with the property owners. Our emergency precautionary measures were recognized by the relevant government authorities. As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced hygiene and precautionary measures of approximately RMB1.2 million. Our Directors confirm that the additional costs associated with the enhanced measures will not have a significant impact on our financial position or results of operations in 2021.

In addition, we have taken a series of measures to increase communication opportunities with customers during the outbreak of COVID-19 epidemic. As a result of our efforts, in March 2020 when the epidemic was relatively severe, we still secured three property management projects and entered into two contracts for sales office management services. As evidenced by the above and also by the growth of revenue and gross profit in 2020 as compared to 2019, we believe the COVID-19 epidemic had no material impact on our tendering and bidding opportunities.

Effects of the COVID-19 Pandemic on Our Business Strategies

According to CIA, although property management companies may experience certain short-term impact as a result of the COVID-19 pandemic, the pandemic is not expected to cause material constraints on the development of property management companies in a long run. According to CIA, the COVID-19 pandemic in China has been effective controlled and the PRC Government has issued a series of favorable policies to promote the development of property management industry, and considering the pandemic raises the demand for property management services, the outlook of the market will remain positive and stable. We therefore believe that our expansion plan as disclosed in the subsection headed "– Business Strategies" is feasible, and we currently expect that it is unlikely that we would change the use of the net proceeds received by our Company from the Global Offering as disclosed in "Future Plans and Use of Proceeds" as a result of the COVID-19 pandemic. We also believe that, while COVID-19 may have adverse impact on our business operation to a certain extent in a short term, it will have limited impact on our business operation or financial performance in a long term.

OUR BRAND

We strive to develop our "Kangqiao Joyful Life" (康橋悦生活) into an industry-leading brand in the PRC property management industry. The "Kangqiao Joyful Life" (康橋悦生活) represent a service system covering the entire life cycle of the service value chain, such as the pre-delivery services, sale office management services, consultancy services and traditional property management services. Over the years, we have received various awards in the PRC in recognition of, among other things, our brand and reputation, business scale and development, service quality and customer satisfaction in the PRC property management industry.

To create a vibrant community life for the property owners and residents and to enhance our brand awareness, we had carried out a variety of brand and community activities during the Track Record Period. For example, the four seasonal activities of "Kangqiao Ling Li Hui" (康橋鄰禮匯) include (i) "Season of Love and Public Welfare" (愛心公益季), in which we organize public welfare activities such as tree planting festival, marathon and charity clinic, in the spring season to practice public welfare together with the property owners and creating a neighbourhood community that actively participate in charity; (ii) "Children's Dream Season" (童心夢想季), in the summer season, we organize diversified interactive activities for different age groups of children, such as children's talent show, summer camp and children's flea market, to expand the interests of young owners and enrich their life experience; (iii) "Healthy Sports Season" (健康運動季), in the golden autumn, we hold basketball tournaments, table tennis tournaments and other activities to promote an active and healthy lifestyle; and (iv) "Warm Heart Service Season" (暖心服務季), in the cold winter, we create a warm and harmonious community atmosphere by carrying out activities such as the neighbourhood spring festival gala and neighbourhood shopping fair for spring festival. We believe these brand and community activities can enhance interactions and fostered a sense of belonging with the communities under our management, which in turn enhance the sense of belonging within our communities and increased our brand recognition and customer satisfaction.

STANDARDIZED OPERATION AND SMART MANAGEMENT

To strengthen our competitiveness, reduce our reliance on manual labor and costs, we focus on implementing standardized operation, digitalization and information technology, and operation automation. We evaluate our property management services and formulate processes to render such services in a manner that is intended to improve operational efficiency, ensure consistent service quality, help develop a scalable business model and alleviate the pressure of increasing labor cost.

Standardized Operation

We have standardized our operation in key areas of our services including environmental management, occupational health and safety management and quality management. We were first accredited to the ISO9001 quality management system certification in 2010 as well as ISO14001 environmental management system certification and OHSAS180001 Occupational

Health and Safety Assessment Series in 2016 by the China Federation of Logistics Certification Center ("**CFL Certification Center**") in recognition of our service quality. Furthermore, we apply consistent standards in certain operations including, among others, order maintenance, repair and maintenance of equipment and facilities, and customer services.

Leveraging our extensive experience in property management, we continuously update or issue new internal standards to further refine our property management and satisfy the changing requirements of customers. We have established a series of guidelines, rules, service manual and practice guide, providing detailed guidance on key standards and procedures covering brand building, quality control and operation management to ensure consistent and high-quality property management services. We believe such series of guidelines, rules, service manual and practice guide enable us to efficiently scale up and consistently replicate our operations without compromising our service quality.

Online Platform Services

We are committed to develop and improve our online service platform, comprising "Kang Yun You Jia" (康雲優家) mobile application and We-chat public account, as the gateway for users to access to our services both online and offline, so as to enhance customer experience and loyalty and our brand recognition.

We launched our "Kang Yun You Jia" (康雲優家) mobile application in 2017, and had since attracted over fourty thousand registered users as of December 31, 2020, the majority of which were authenticated as the property owners and residents of our managed properties.

Currently the functions of our online service platform primarily include: (i) paying property management fees, carpark related fees and other value-added service fees, reviewing monthly fee statements and receiving payment reminders from us; (ii) requesting various value-added services we offer, such as agency services relating to sale and rental of properties; (iii) reporting repair requests and arranging repair logistics; (iv) receiving the latest announcements about community activities, such as suspension of utility supply; (v) neighborhood bulletin board system; and (vi) browsing various goods offerings and placing orders for and arranging deliveries of such goods, as well as browsing offering of housekeeping, in-home tutoring and other services provided by third parties.

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which was issued by the State Council with effect from September 25, 2000 and 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 services. Commercial Internet information services refer to paid services of providing information to or creating web pages for web users through the Internet. Non-commercial Internet services refer to free services of providing public, commonly shared information to web users through the Internet. 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 Adviser, (i) the business conducted by us is regarded as "non-commercial internet information services" because we use our "Kang Yun You Jia" (康雲優家) mobile application as a tool to facilitate the provision of our services and we do not sell products or services of the third-party suppliers and generate any revenue directly from such online platform in the form of paid internet information services; (ii) the filings of non-commercial internet information services have been completed for our "Kang Yun You Jia" (康雲優家) mobile application; and (iii) according to the written confirmation by the local communications administration, Henan Communications Administration which, as advised by our PRC Legal Adviser, is the competent authority supervising the activities of internet information services of "Kang Yun You Jia" (康雲優家) mobile application, confirming that (a) the operation of the "Kang Yun You Jia" (康雲優家) mobile application is considered as the "non-commercial internet information services" and does not require "the license for value-added telecommunication services"; and (b) the local communications administration has not found any violations of any national or local laws, regulations, rules or regulatory documents regarding information and communication conducted by us, and no administrative penalty, investigation or litigation has been imposed.

Deployment of Intelligent Devices

We are dedicated to deploying intelligent devices as well as Internet of Things equipment to reduce labour costs, improving property management efficiency and creating better and safer living environments for property owners and residents. We equip our car park entrances and exits with automatic license plate detection and recognition systems which identify and allow entry of vehicles that have their license plate details stored in our system. Our community and building entry-exit system is upgraded with face recognition systems. Property owners and residents who have stored facial images in our system can enter the community and apartment building without stopping at the gate. We install cameras above main roads, public activity areas and elevators in communities, where smart sensors and cameras operate to enable real-time operating data monitoring and automatic inspection for significant equipment and facilities. We will keep expanding the coverage of smart device among the properties under our management.

Smart Management Platform

As a large-scale enterprise with business operations covering various geographic locations, we take full advantage of information technologies to integrate resources and realize efficient and smart management. Our ERP system collects and manages data and information on properties and business in order to avoid inaccuracies in underlying information and enable us to complete procedure approvals, formulate budget plans, and monitor and control expenses online in an efficient and accurate manner. We have deployed and are continuously upgrading

different kinds of smart management systems, such as Facility and Equipment Remote Monitoring System (設施設備遠程監控系統) and Smart Material Management System (智慧物資管理系統) and Facility and Equipment Inspection System (設施設備巡檢系統), which aims to support not only the efficient operations of our on-site staff but also the remote management and coordination of our project managers, regional offices and the headquarters.

Our employees can utilize comprehensive systems to improve work efficiency. For example, in order to improve our customer satisfaction and their customers' experience, we have developed the "Kangqiao Property Management Assistant" (康橋物管助手), which includes the "Kang Yun Steward Information Management Platform" (康雲管家信息管理平台), a management platform for front line staff aiming at cost reduction and efficiency enhancement. It covers a number of service scenarios, such as the handling of service requests and repairs, environmental quality management, security and patrol management, and provision of guidance on standardized operation, through which property owners' needs can be quickly responded to and resolved. The "Kang Yun Steward Information Management Platform" (康雲管家信息管理平台) enables related work of our staff be more digitized and transparent, effectively promoting the improvement of service quality and service efficiency. Our "Kangqiao Property Management Assistant" (康橋物管助手) mobile application enables our employees to handle reporting of repair requests and complaints, complete document review, email sending, and receiving and internal communications through mobile phone. We believe such paperless such online handling of different tasks helps our employees to better manage their performance and enhance efficiency.

Data privacy

In order to effectively provide our services and manage our customers, we may collect and use basic user data such as name, ID information and mobile number and some optional personal data which can be collected only upon users' authorization such as real-time location. We will not share, transfer or publicly disclose user data without prior consent or authorization from the users with or to other entities. Unless otherwise permitted by relevant laws and regulations or authorized by customers, we keep user data for no longer than what is necessary for providing our services to them. For example, if our customers have set up accounts with us and still allow us to have access to their user data and enjoy the services we provide, we will retain their data in our information technology system. Our customers have the rights to close their accounts and we would immediately remove all the personal information and data saved once the accounts were closed. Our Technology Data Center (科技數據中心) closely manage the extraction, duplication, transmission and destruction of data.

In addition, we have adopted a number of internal control measures to ensure data security and privacy protection related to our internal operating data and external data. For more details, see subsection headed "– Standardized Operation and Smart Management – Internal control measures with respect to data security and privacy protection." During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material data privacy breach, leakage or dispute.

During the Track Record Period, the collection, storage and use of the personal information for providing property management services and operating "Kang Yun You Jia (康雲優家)" application by our Group are in compliance with the applicable PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material litigation, arbitration or administrative proceedings in relation to the infringement of personal information protection, and no material litigation, arbitration or claim relating to personal information protection is pending or threatened against us, or is expected to materially and adversely affect our business operations and financial condition. As advised by our PRC Legal Adviser, we are in compliance with the applicable PRC laws and regulations governing the collection and use of personal information in all material respects.

Internal control measures with respect to data security and privacy protection

We have adopted comprehensive internal control measures to protect data security and privacy in relation to our internal operational data, as well as external data, such as user data obtained through our online service platform.

We have established internal rules and guidelines to restrict access right to content in our information systems. We grant our staff different level of access rights based on their positions and responsibilities and adopt password control to prevent unauthorized access to confidential information. We check our system logs regularly, in which system users' behaviors are recorded, to further ensure information security. We also have access and control system to our computer rooms and electronic equipment, under which any unauthorized entry is not allowed. Meanwhile, we regularly implement both local and remote back up of data and conduct recovery test to ensure the effectiveness of the stored information. We also assign staff to be responsible for daily maintenance of information related hardware. In addition, we organize annual comprehensive risk assessment of information assets, and adjust strategies for information risk control and security management. We also have an emergency response mechanism for information security. We carry out emergency drills on a regular basis and accordingly improve our information management system.

SALES AND MARKETING

Our sales and marketing team is primarily responsible for planning and developing our overall marketing strategy, 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 and branches oversee the implementation of our sales and marketing activities within their respective regions. For the year ended December 31, 2018, 2019 and 2020, our total selling and marketing expenses amounted to RMB5.7 million, RMB9.4 million and RMB 10.8 million, respectively.

CUSTOMERS

Overview

We have a large, growing and loyal customer base primarily consisting of property developers, property owners and residents. 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, which generally range from 0 to 180 days. We generally accept payments through bank transfers. See "– Property Management Services – Property Management Service Agreements" for details of the terms of the contracts with our customers.

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

Business line	Major customers
Property management services	Property owners, residents and property developers
Value-added services to non-property owners	Non-property owners, the majority of whom are property developers
Community value-added services	Property owners, residents and third party vendors

In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB70.4 million, RMB136.5 million and RMB243.1 million, respectively, representing 30.8%, 37.6% and 42.2%, respectively, of our total revenue for the same periods. During the Track Record Period, our largest customer was Kangqiao Group, to whom we provide property management services and value-added services. In 2018, 2019 and 2020, revenue generated from our services provided to Kangqiao Group amounted to RMB57.9 million, RMB118.9 million and RMB220.6 million, accounting for 25.3%, 32.8% and 38.3%, respectively, of our total revenue for the same periods. Other than Kangqiao Group and it joint ventures, the five largest customers during the Track Record Period were Independent Third Parties. See "Continuing Connected Transactions," "Relationship with Our Controlling Shareholder" and "Risk Factors – Risks Relating to Our Business and Industry – A large portion of our revenue is generated from property management services we provide to projects developed by Kangqiao Group" in this prospectus for more information.

As of the Latest Practicable Date, except Customer A and Customer E 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 Top Five Customers

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

Rank	Customer	Major services provided	Commencement of business relationship	Transaction amounts	Percentage to our total revenue
				(RMB'000)	*(%)*
1.	Kangqiao Group	Property management and value-added services	2010	57,942	25.3
2.	Customer A [(1)]	Sales office management services and pre-delivery services	2018	4,467	2.0
3.	Customer B	Property management services	2018	3,276	1.4
4.	Customer C	Property management services and sales office management services	2016	2,403	1.0
5.	Customer D	Property management services	2016	2,314	1.0

Note:

(1) Customer A is a joint venture of Kangqiao Group.

The following table sets forth details of our top five customers in 2019.

Rank	Customer	Major services provided	Commencement of business relationship	Transaction amounts	Percentage to our total revenue
				(RMB'000)	*(%)*
1.	Kangqiao Group	Property management and value-added services	2010	118,850	32.8
2.	Customer E[(1)]	Sales office management services, construction site management services and community operation services	2018	5,379	1.5
3.	Customer F	Property management services	2018	4,769	1.3

Rank	Customer	Major services provided	Commencement of business relationship	Transaction amounts	Percentage to our total revenue
				(RMB'000)	*(%)*
4.	Customer G	Community operation services	2019	3,804	1.0
5.	Customer H	Property management services and asset operation services	2010	3,660	1.0

Note:

(1) Customer E is a joint venture of Kangqiao Group.

The following table sets forth details of our top five customers in 2020.

Rank	Customer	Major business activities	Commencement of business relationship	Transaction amounts	Percentage to our total revenue
				(RMB'000)	*(%)*
1.	Kangqiao Group	Property management and value-added services	2010	220,648	38.3
2.	Customer E[(1)]	Sales office management services, construction site management services and community operation services	2018	6,677	1.2
3.	Customer I	Community operation services	2020	5,673	1.0
4.	Customer J	Construction site management services	2019	5,471	1.0
5.	Customer A[(1)]	Sales office management services, pre-delivery services and construction site management services.	2018	4,604	0.8

Note:

(1) Customer A and Customer E are joint ventures of Kangqiao Group.

SUPPLIERS

Overview

We have established stable and long-term business relationships with most of our major suppliers. The table below sets forth the types of our major suppliers for each of our three business lines.

Business line	Major suppliers
Property management services	Subcontractors providing cleaning, greening and gardening, and repair and maintenance services
Value-added services to non-property owners	Subcontractors providing cleaning, greening and gardening, and repair and maintenance services
Community value-added services	Subcontractors providing housekeeping, cleaning, and repair and maintenance services and vendors for various materials

In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB11.3 million, RMB22.7 million and RMB50.7 million, respectively, accounting for approximately 24.0%, 31.8% and 35.1%, respectively, of our total purchases, during the same periods. In 2018, 2019 and 2020, purchases from our single largest supplier accounted for approximately 6.4%, 10.4% and 9.8%, respectively, of our total purchases during the same periods.

All of our five largest suppliers during the Track Record Period were Independent Third Parties. We did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers. We typically enter into agreements of one year with our suppliers and renew them on an annual basis.

Our suppliers generally grant us credit terms of ranging from 0 to 30 days and payment to our suppliers is typically settled by bank transfers.

Our Top Five Suppliers

The following table sets forth details of our top five suppliers in 2018.

Rank	Supplier	Major services/ products purchased	Commencement of business relationship	Transaction amounts	Percentage to our total purchases
				(RMB'000)	*(%)*
1.	Supplier A	Cleaning services	2018	3,037	6.4%
2.	Supplier B[(1)]	Rental services	2018	2,347	5.0%
3.	Supplier C	Cleaning services	2017	2,253	4.8%
4.	Supplier D	Cleaning services	2018	1,873	4.0%
5.	Supplier E	Cleaning services	2017	1,788	3.8%

Note:

(1) Supplier B leased certain carpark spaces to us and became one of our top five suppliers in 2018. Supplier B was also one of our five largest customers in 2019 and we offered property management services and asset operation services to it. See descriptions of Customer H in "– Customers" for more details. The principal business of Supplier B, namely Customer H, is property development and property leasing. In 2018, we provided property management services to Customer H, from which we recorded revenue of RMB0.4 million and gross profit margin of -23.0% in 2018. This negative profit margin in 2018 was due to the fact that the relevant properties had a history of more than ten years, and as a result, the average property management fees were relatively low. In 2019, we provided property management services and asset operation services relating to the unsold parking spaces for Customer H, from which we recorded revenue of RMB3.7 million and gross profit margin of 48.0% in 2019. This increased revenue and positive profit margin was mainly attributable to the asset operation services provided to this customer. In 2020, we provided property management services and asset operation services for Customer H, from which we recorded revenue of RMB0.5 million and gross profit margin of 3.0% in 2020. This decreased revenue and profit margin was mainly due to the decrease in asset operation services offered to this customer in 2020.

The following table sets forth details of our top five suppliers in 2019.

Rank	Supplier	Major services/products purchased	Commencement of business relationship	Transaction amounts	Percentage to our total purchases
				(RMB'000)	*(%)*
1.	Supplier A	Cleaning services	2018	7,427	10.4%
2.	Supplier D	Cleaning services	2018	4,848	6.8%
3.	Supplier C	Cleaning services	2017	4,575	6.4%
4.	Supplier E	Cleaning services	2017	3,231	4.5%
5.	Supplier F	Material supply	2018	2,639	3.7%

The following table sets forth details of our top five suppliers in 2020.

Rank	Supplier	Major services/products purchased	Commencement of business relationship	Transaction amounts	Percentage to our total purchases
				(RMB'000)	*(%)*
1.	Supplier G	Sales agency services	2020	14,073	9.8
2.	Supplier H	Security services	2020	12,844	8.9
3.	Supplier I	Cleaning services	2020	12,186	8.5
4.	Supplier E	Cleaning services	2017	5,993	4.2
5.	Supplier A	Cleaning services	2018	5,566	3.9

SUB-CONTRACTING

We delegate certain labor-intensive services and specialized services, primarily including cleaning, greening, security, gardening, and repair and maintenance services, to sub-contractors, which enables us to reduce our operating costs, improve service quality and dedicate more resources to management and other value-added services. We believe such sub-contracting arrangements allow us to leverage the human resources and technical expertise of the sub-contractors, reduce our labor costs and enhance the overall profitability of our operations. In 2018, 2019 and 2020, our subcontracting cost amounted to approximately RMB11.6 million, RMB33.6 million and RMB91.3 million, respectively, representing approximately 6.7%, 13.4% and 22.9%, respectively, of our total cost of sales.

As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in any of our five largest sub-contractors.

Selection and Management of Sub-contractors

We aim to create and maintain an effective and comprehensive system for sub-contractor management. We constantly monitor and evaluate the sub-contractors on their ability to meet our requirements. To ensure the overall quality of our sub-contractors, we maintain a list of qualified sub-contractors, the selection of which are based on factors including, among others, their background, size of overall operations, qualifications and past performance in providing sub-contracted services to us.

Key Terms of Our Sub-Contracting Agreement

A typical sub-contracting agreement entered into between the independent sub-contractors and us generally includes the following key terms:

Scope of services. The contract provides the scope of services the sub-contractor is obligated to provide, such as security, cleaning, greening, gardening, repair and maintenance of the common areas and related equipment and facilities, as the case may be.

Performance standards. The contract generally sets out the quality standards required for providing the sub-contracting services. In subcontracting agreements in relation to services such as repair and maintenance of elevators and fire extinguishing systems, we may specify our expected standards as to their conditions and the types of inspections we require. We may also require our subcontractors to adhere to our internal management policies.

Our rights and obligations. Generally, we have the right to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services, such as blueprints or related documents. We are typically entitled to deduct subcontracting fees if subcontractors fail to adhere to our performance scope and standards.

Sub-contractors' rights and obligations. 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. We typically have the right to review and evaluate the performance of the subcontractors monthly or quarterly, and subcontractors is required to take necessary rectification measures within the period required by us. The result of the review or evaluation would be an important reference that we will consider when we make the payment or decision of renewal of the new contract.

Risk allocation. Our subcontractors manage their own employees, with whom we have no employment relationship. Our subcontractors are generally responsible for compensating their own employees who suffer personal injuries or property damage in the course of providing the contracted services. They are also typically responsible for personal injuries or property damage caused by their employees in the course of providing the contracted services.

Sub-contracting fees. We generally pay subcontracting fees on a monthly or quarterly basis, depending on what is agreed on in the contract.

Term of service. Our sub-contracting contract generally has a fixed term of one year.

Termination. We have the right to terminate the contract should the sub-contractors' performance fail the agreed standard.

QUALITY CONTROL

We are always committed to improving our service quality, and we believe quality control is crucial to the long-term success of our business. We have a professional quality control team, who primarily focus on maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes.

Quality Control over Property Management Services

For the quality control over property management services, we have established various mechanisms and systems to ensure our service quality meets the needs for our customers and we continued to improve such mechanisms and systems to keep our high quality services.

Three-level quality supervision system (三級督導體系). We have established a standardized supervision and inspection mechanism to manage our employees' service through three departments at different levels, namely (i) the headquarters of our Group, (ii) our subsidiaries, branches and management centers, and (iii) service centers, sales offices and sales stores. Under this system, the headquarters of our Group is generally responsible for the establishment and maintenance of the supervision system, as well as the preparation, maintenance and revision of quality management manuals, and it also carries out quarterly inspection on the implementation of the supervision system. Management centers of our subsidiaries and branches take responsibility to conduct training, monthly supervise, provide guidance and apply the result of supervision. As a basis, each service center, sales office and sales store monitors all the relevant employees' performance and services on a daily basis and take actions to rectify and improve its services according to the quality management manual.

E-control center (E控中心). In order to improve the service quality and meet our customer's expectations, we build a data visualization operation command module to monitor the key service contact areas such as the lobby of each marketing and sale offices (sales outlets), front desks of service centres and gate sentry, and send reminders of unqualified behaviours and occasional spot checks by the system through video detection and dynamic monitoring of personnel trajectory routes, to monitor the quality of customer service and security management.

Call center (呼叫中心). The centralized call center of our Group allows each property owner to communicate with us and report repair requests and complains through the service hotline. After we receive customers' request, we will generate work orders accordingly and dispatch the work orders through our "Kang Yun Steward Information Management Platform" (康雲管家信息管理平台) to the staff who is responsible for the relevant areas or matters. We will track the entire process of work order processing such as progress follow-up and return visits to the results of satisfaction, to comprehensively improve service quality and improve our customers' satisfaction.

Monthly secret customers (月度神秘訪客). Our secret customers are generally trained by third-party consulting companies and visit our the areas managed by us randomly to experience the service. We may evaluate and review our employees' performance according to the analysis from the monthly secret customers to improve our customers' experience.

Customer satisfaction surveys (滿意度調查). In order to ensure effective and continuous delivery of quality services, we engage third-party consulting firms to conduct quarterly and annual customer satisfaction surveys while conducting monthly return visits to customers through our call center. We enjoy a relatively high customer satisfaction rate. 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.

Due to the nature of our business, we received customers' suggestions, appraisals and complaints from time to time during the ordinary course of our business. We record, analyze and evaluate such customer feedback on our internal systems and we track the progress in addressing the underlying customer concerns and problems. In order to manage our customers' feedbacks and complaints in a timely and effectively manner, we provide a broad range of channels for customers to easily and quickly sending complaints and providing feedbacks, such as service hotlines, "Kang Yun You Jia" (康雲優家) mobile application," and quarterly property owners' forums.

Quality Control over Subcontractors

For the quality control over our subcontractors, we typically set forth expected standards of quality in our subcontractors and may require that they take appropriate and necessary rectification measures if they fail to satisfy agreed standards in our monthly or quarterly evaluation. Generally, we are entitled the right to deduct subcontracting fees, collect damages 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 details, see the subsection headed "– Subcontracting – Key Terms of Our Sub-Contracting Agreement."

Quality Control over Third-party Vendors

We implement a variety of measures and policies to ensure the quality of the products and services offered by third-party vendors, such as selecting vendors based on our internal quality control policy and screening candidate vendors before entering into cooperation agreements with them. We also conduct regular assessment on our vendors in respect of various aspects, such as transaction volume, service quality and after-sales services. We also have the right to replace a third-party vendor in the event of underperformance.

INTELLECTUAL PROPERTY

We consider our intellectual property rights as critical to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As of the Latest Practicable Date, we had 27 copyrights for our self-developed software, ten trademarks and four domain names registered in the PRC. As of the Latest Practicable Date, we are in the process of applying to register 45 trademarks. For further details, please refer to the section entitled "Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights of Our Group" in this prospectus.

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 RECOGNITION

The following table sets forth some of our awards received up to the Latest Practicable Date.

Year	Award/Recognition	Awarding Entity
2021	Top 100 Property Management Companies in China (37th) (中國物業服務百強企業第37名)	CIA
2020	Top 100 Property Management Companies in China (42nd) (中國物業服務百強企業第42名)	CIA
2020	Top 10 China Property Management Companies in terms of Operation Capacity (中國物業企業運營能力十強)	EH Consulting (億翰智庫)
2020	Top 50 China Model Property Management Companies in terms of Satisfaction Rate (中國物業企業客戶滿意度模範企業五十強)	EH Consulting (億翰智庫)
2020	2020 Leading Branded Property Management Company in Central China (2nd) (中國華中區域物業服務領先品牌企業第二名)	CIA
2020	Top 100 Brand Value of Property Management Companies (物業服務企業品牌價值100強)	CPMRI (中物研協), Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Test Center (中國房地產評測中心)

Year	Award/Recognition	Awarding Entity
2020	Top 50 Property Management Companies in China in terms of Satisfaction of Anti-epidemic Performance (中國物業服務防疫滿意度企業50強)	Leju Finance (樂居財經)
2019	Top 100 Property Management Companies in China (51st) (中國物業服務百強企業第51名)	CIA
2019	Top 40 China Community Service Providers (中國社區服務商TOP40)	EH Consulting (億翰智庫)
2019	Top Ten China Community Service Providers in terms of Development (中國社區服務商成長性十強)	EH Consulting (億翰智庫)
2019	Top Ten China Community Service Providers in terms of Community Civilizing Development (中國社區服務商社區文化建設十強)	EH Consulting (億翰智庫)
2019	Top 50 China Community Service Providers in terms of Satisfaction Rate (中國社區服務商客戶滿意度50強)	EH Consulting (億翰智庫)
2019	Top 50 Brand Value of Property Management Companies (中國物業服務企業品牌價值50強)	China Property Management Institute (中國物業管理協會) + E-house Real Estate Test Center (易居房地產測評中心)
2019	Potential Unicorn of Property Management Service (物業服務企業潛力獨角獸)	China Property Management Institute (中國物業管理協會) + E-house Real Estate Test Center (易居房地產測評中心)
2018	Top 100 Property Management Companies in China (61st) (中國物業服務百強企業第61名)	CIA
2018	2018 Top 100 China Community Service Providers (58th) (2018中國社區服務商TOP100第58名)	EH Consulting (億翰智庫)
2018	Top 50 China Model Community Service Provider in terms of Customer Satisfaction Rate (中國社區服務商客戶滿意度模範企業五十強)	EH Consulting (億翰智庫)
2018	Top 10 China Community Service Providers in terms of Competitiveness (中國社區服務商競爭力十強)	EH Consulting (億翰智庫)
2018	Top Ten China Community Service Providers in terms of Development (中國社區服務商成長性十強)	EH Consulting (億翰智庫)

Year	Award/Recognition	Awarding Entity
2018	Demonstration Base of Property Management Industry in China (中國物業服務行業示範基地)	CIA
2017	Top 100 Property Management Companies in China (68th) (中國物業服務百強企業第68名)	CIA
2017	Top 100 China Community Service Providers (中國社區服務商TOP100)	EH Consulting (億翰智庫)

COMPETITION

The property management industry in the PRC is intensely competitive and fragmented with numerous market participants. As a reputable player which provides comprehensive property management services, according to CIA, we primarily compete with large national, regional and local property management companies. According to CIA, we were ranked 37th among the 2021 Top 100 Property Management Companies in China in terms of overall strength. We believe that the PRC property management industry has relatively low entry barriers for the mid-tier and low-end segments but relatively higher entry barriers for the high-end segment. We believe that the core competitiveness lies in factors including operation scale, price and quality of services, brand recognition and financial resources.

For more details about the industry and markets that we operate in, see the section headed "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. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to labor, safety and environment protection in all material respects and had not had any incidents which have materially and adversely affected on our operations.

We consider the protection of the environment to be important and have implemented measures in the operation of our businesses to ensure our compliance with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we 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. 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.

Governance

We believe that it requires collective effort from our Board of Directors to evaluate and manage material ESG issues, therefore we have not established any ESG Committee under our Board. Instead, our Board of Directors takes up the responsibility of monitoring and managing material ESG issues, with the assistance from the management.

Our Board of Directors is principally responsible for setting up the Group's overall ESG vision, direction and strategy, monitoring and reviewing our ESG performances and whether we fulfill the Board of Directors' ESG vision. Furthermore, our Board of Directors closely follows and monitors the latest ESG-related laws and regulations, keeping the Board informed of any changes in such laws and regulations and updating own ESG measures to make sure that we comply with the latest regulatory updates. To ensure the effectiveness of our ESG measures and compliance with requirements, our Board is responsible for overseeing the formulation and reporting of our ESG strategies and determining the ESG-related risks.

We have implemented ESG measures that provide guidelines to the management of the Group's environmental, social and climate-related issues. With respect to the management of environmental, social and climate-related issues, we constantly monitor the local environmental, social, and climate changes in regions where we operate and take timely measures to mitigate the risks associated with such volatile changes during our routine business operation. For instance, we have adopted policies in response to severe weather conditions. In particular, to deal with the increasing rate of extreme weather conditions such as typhoons and flooding due to climate change, we closely follow the latest weather news and advice released by the local government to ensure employee safety.

Workplace safety

We attach great importance to the health and safety of our employees, and always regard caring for the lives of employees and related parties as one of our core concepts. To this end, we have compiled a set of safety management manuals to guide our daily business operations and prevent potential safety risks. We have established occupational safety and sanitation systems, implemented the ISO 45001 standards, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. In addition, in terms of safety production and standardized management, we have established a "three-level

security education" (三級安全教育) system which provide respective guidelines and requirements for three levels within our Group, namely the company level, the department level and the service center level. For the employees who is going to adjust work scope or position or to use new facilities, we also provide additional safety training for those employees before they start the relevant work. We further organize workplace safety trainings such as fire emergency training in order to protect the workplace safety of our employees.

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 on our operations.

Metrics and Targets

We believe in the importance of caring for our planet and we strive to balance our role as a for-profit company with the betterment of people of the planet. We have taken into account the quantitative information that reflect our management for environmental, social and climate-related risks, which primarily includes resource consumption. We have taken our all of our properties under management in 2020 into consideration for quantitative information calculation.

Resource Consumption	**2020**
Water consumption (m3)	472,326
Intensity (m3/'000 m2 GFA)	50.7
Energy Consumption (MWh)	21,078
Intensity (MWh/'000 m2 GFA)	1.8

Under our ESG measures, we have established a comprehensive set of measures to restrain and guide our business operations.

Power Usage

We endeavor to proactively conserve energy in response to the government's initiatives. We have taken measures to reduce energy consumption, including replacing high energy-consuming equipment to reduce energy consumption and using LED lights and light sensor control resolution. We routinely inspect on our properties' power consumption and repair timely when malfunction of relevant facilities resulting in abnormal power consumptions. We also reduce power usage in our office through raising energy consumption awareness of our employees. For example, we have installed green workplace practices, and encourage employees to use fans instead of air conditioning during hot weather.

Water Usage

We also voluntarily take on our social responsibilities to practice water conservation. We regularly inspect our water tanks to prevent water leakage. We strive to foster water conservation culture in our Group through a variety of activities and events. For example, we place signs in our offices to remind employees of reducing water consumptions in the office.

Social Responsibility

We have been committed to sustainable corporate responsibility projects, and have implemented the following measures to fulfill our social responsibilities.

- *Combat of the COVID-19 pandemic.* Since the outbreak of the COVID-19 pandemic, we have been on the frontline of preventing the spread of the pandemic, with our employees working around the clock in over 100 property projects under management across China to safeguard the health and safety of property owners, residents and visitors. We closely verify the identities and monitor the health status of every person entering properties under our management, and offered comprehensive community living services to residents under quarantine, such as delivery of food, water and medicine. We donated charitable funds designated for the containment of COVID-19 to Zhengzhou Charitable Funds. We donated masks and medical supplies to multiple subdistrct offices in Zhengzhou. We also host academic events studying the containment of COVID-19 in the communities we managed.

- *Employee benefits.* We truly appreciate the services of our employees, and care about their wellbeing. To that end, we offer employee benefits such as housing allowances, meal allowances, vacation packages, group sports, cultural and social events, and holiday and birthday gifts. We will also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a happy culture in our workplace and teahouses for all of our employees.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) liability insurance to cover liabilities for property damages or personal injury suffered by third parties arising out of or related to our business operations, and (ii) property insurance for damages to both movable and immovable property owned by us or in our custody. We require our sub-contractors to purchase accident insurance for their employees who provide services to our Group. The sub-contractors are generally responsible for all workplace injuries to their employees, except for the injuries directly attributable to us.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For more details, please refer to the section entitled "Risk Factors – Risks Relating to Our Business and Industry – Our insurance policies may not provide adequate coverage for all claims associated with our business operations." No major accident has occurred so far.

EMPLOYEES

We employed a total of 1,777 full time employees in the PRC as of December 31, 2020. The following table sets forth a breakdown of our employees by functions as of December 31, 2020.

Function	Number of employees	% of total
On-site project management and services[(1)]	1,558	87.7
Financial management center	28	1.6
Engineering management	13	0.7
Administration and human resources	52	2.9
Operation and quality management	44	2.5
Market development	31	1.7
Informatization management	33	1.9
Value-added services	18	1.0
Total	**1,777**	**100.0%**

Note:

(1) Refer to our front-line staff who directly provide our various services at the properties under our management.

We have maintained a comprehensive recruitment system and internal promotion system and endeavor to hire talented employees by offering competitive wages, bonus, benefits, systematic training opportunities and internal upward mobility. We hire employees through a combination of online recruitment, job fair, campus recruitment and referrals. To provide our employees a fair competition opportunity, the selection of our management position is also open to all of our employees to apply, in addition to our external recruitment.

We provide our employees with full range of trainings, including technical skill training, leadership training and performance improvement trainings, in accordance with their respective duty and position requirements. We aim to improve the working skill and performance of our employees through our trainings. We also organize our employees to attend trainings provided by third parties.

During the Track Record Period, we engaged dispatched staff by signing labor dispatch service agreements with third-party dispatch agencies. These dispatched staff were mainly hired for positions with supporting nature. These dispatched staff entered into labor contracts with the dispatch agencies and not with us, and the relevant costs of social insurance and housing funds for the dispatched staff were not borne by us.

According to the Interim Provision on Labor Dispatch (《劳務派遣暫行規定》) (the "Interim Provision") which came into effect on March 1, 2014, the number of dispatched staff engaged by any company may not exceed 10% of the total number of its employees. During the Track Record Period, we did not fully comply with the Interim Provision, as the number of dispatched staff engaged by us exceeded 10% of the total number of our employees. For more details, see "– Legal Proceedings and Compliance – Compliance – Non-compliance Incidents – Number of Dispatched Staff Engaged Exceeding Regulatory Threshold."

According to the relevant PRC laws and regulations, we 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 PRC employees. During the Track Record Period, certain of our subsidiaries failed to make full social security insurance and housing provident fund contributions. See "– Legal Proceedings and Compliance – Compliance – Non-compliance Incidents."

We have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. Neither did we have any material disputes with our employees, or experience any strike, labor disputes or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

OUR CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage our cash inflows and outflows, applicable to all of our subsidiaries and branch offices in their ordinary course of business. Generally, we encourage our subsidiaries and branch offices to settle their transactions through bank transfers to lower the risks relating to managing cash. Our employees are expressly forbidden from removing and/or using our cash for private or other purposes not in line with our ordinary course of business.

Cash flow transactions	Cash handling policies and internal control measures
Cash inflow in relation to payments of property management fees, deposits, rent or service fees from our customers	We typically have designated cashiers or customer service personnel specifically responsible for cash collection who verify that the cash collected is the correct amount prior to issuing receipts.
Payment made to suppliers, service providers and subcontractors of our subsidiaries and branches	Payments by our subsidiaries and branches to their suppliers, service providers and subcontractors shall be pre-approved by the responsible supervising personnel at a higher level. Once approved, such payments shall be made directly from the bank accounts of our subsidiaries and branches.
Cash inventories and deposits	Our subsidiaries and branch offices are typically not allowed to keep more than RMB20,000 in cash on hand. We typically require that excess amounts be deposited into the bank accounts of our subsidiaries and branch offices within the day they are received.
Cash transfers to the bank accounts of our subsidiaries and branch offices	We typically receive cash through methods such as online payment, credit or debit card payments and bank transfers, and cash collected from these methods are directly deposited into the bank accounts of our subsidiaries and branch offices.

Cash flow transactions	Cash handling policies and internal control measures
Opening of and managing bank accounts of our subsidiaries and branch offices	Our subsidiaries and branch offices must adhere to our internal policies and procedures in relation to the opening of bank accounts. They are typically required to complete an application form before opening any bank accounts. Our subsidiaries and branch offices are typically required to reconcile and check bank balances on a monthly basis.

INTERNAL CONTROL AND RISK MANAGEMENT

In preparation for the Listing, we had engaged in 2020 an independent internal control advisor to perform an internal control review (the "**IC Review**") of our internal control system based on agreed scope, covering various aspects including, among others, control environment, risk assessment, control activities, information and communication, monitoring activities, regulatory compliance, financial reporting procedures, management of suppliers and procurement, cash and treasury management, human resources and salary management, tax payments, informational technology systems, insurance, application and renewal of licenses, intellectual property management and other internal control related matters. During the course of the IC Review, the internal control advisor identified a number of findings related to our internal control policies and procedures. We have accordingly taken the enhanced internal control measures to make improvements, and have improved and adopted policies including but not limited to our Risk Management and Internal Control Guidelines (《風險管理和內部控制指引》), Guidelines for the Management of External Appeals and Reports (《外部申訴舉報管理指引》) and Internal Audit and Supervision Management Guidelines (《內部審計與監察管理指引》). The internal control advisor performed a follow-up review on the enhanced internal control system and did not raise any further recommendations, and no further material deficiency was identified. Based on the result of the follow-up review, our Directors and our internal control advisor concur that, our internal control system, if implemented continuously, is adequate and effective for our current operational environment.

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. For details of the major risks identified by our management, please see the section headed "Risk Factors – Risks Relating to Our Business and Industry". In addition, we face various financial risks, including interest rate, credit and liquidity risks that arise during our ordinary course of business. Please see the section headed "Financial Information – Quantitative and Qualitative Analysis about Market Risk" for a discussion of these financial risks.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will adopt, among others, the following risk management and internal control measures:

- the establishment of an audit committee responsible for overseeing our financial reporting process, internal control procedures and risk management systems. See the section headed "Directors and Senior Management – Board Committees – Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee;

- the appointment of Ms. WANG Na as our chief financial officer and joint company secretary and Ms. YU Wing Sze as our joint company secretary to ensure the compliance of our operation with relevant laws and regulations. For their biographical details, see the section headed "Directors and Senior Management";

- the appointment of Giraffe Capital Limited as our compliance advisor upon the Listing to advise us on compliance with the Listing Rules; and

- the engagement of external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

PROPERTIES

As of the Latest Practicable Date, we owned one property with a GFA of approximately 118.09 sq.m., which we occupied mainly for our own use as offices. As of the Latest Practicable Date, we had obtained the building title certificates for this property.

We also leased properties for use as offices and business operations, and parking and shop spaces for subleasing purpose. As of Latest Practicable Date, we had not filed the lease agreements for registration for 23 of these leased properties with an aggregate GFA of approximately 3,197 sq.m. with the local housing administration authorities as required under PRC law, primarily due to a lack of cooperation from the landlords in registering the relevant lease agreements, which was beyond our control. In particular, the lessors could not provide relevant title certificates or proof of property rights for certain of our leased properties. As advised by our PRC Legal Adviser, we would not be able to complete the relevant lease registration as required without title certificates, and if third parties are able to prove that they have valid titles to or valid leasehold interests in these properties and refuse to acknowledge our lease of such properties, we may not be able to enforce the lease agreements in relation to these properties. We were advised by our PRC Legal Adviser, that such non-filing of lease agreements would not affect the validity of such leases, but we might be ordered to rectify this non-compliance by competent authorities and if we do not rectify within a prescribed period, a penalty may be imposed on us as a result of such non-filing. See the sections headed "Risk Factors – Risks Relating to Our Business and Industry – Our rights to use our leased properties could be challenged by third parties, or we may be forced to relocate due to title defects, or

we may be liable for failure to register our leased agreements, which may result in an adverse impact on our business operation and financial conditions" and " – Legal Proceedings and Compliance – Compliance – Non-compliance Incidents – Failure to Register Certain Lease Agreements". As of the Latest Practicable Date, our Directors confirm that we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. We do not intend to continue the lease of properties without lease registration or title certificates upon expiration of relevant agreements. In the event that we are required to relocate from any of these leased properties as a result of the foregoing, our Directors do not expect any practical difficulty in identifying alternative premises subject to the lease agreements that have not been filed, and are of the view that such non-filing would not have a material impact on our business, financial position and results of operations.

No single property interest that forms part of non-property activities has a carry amount of 15% and no single property interest that forms part of property activities has a carry amount of 1%, of our total assets as of December 31, 2020. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this prospectus any valuation report of our property interests, and, pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

LICENSES, PERMITS AND CERTIFICATES

We have obtained various licenses and qualifications in respect of our property management services, value-added services to non-property owners and community value-added services. Our certificates in the PRC primarily include the followings.

Name of certificates	Granting authority	Issuance date	Expiration date
Certificate for quality management system (GB/T19001-2016/ISO9001: 2015)	CFL Certification Center	August 10, 2020	June 19, 2023
Certificate for occupational health and safety management system (GB/T45001-2020/ISO 45001: 2018)	CFL Certification Center	August 10, 2020	June 20, 2022
Certificate for environmental management system (GB/T24001-2016/ISO14001: 2015)	CFL Certification Center	August 10, 2020	June 20, 2022

As advised by our PRC Legal Adviser, our Directors confirm that, as of the Latest Practicable Date, we had obtained all material licenses, approvals and permits from relevant PRC authorities for our operations in the PRC. We had not experienced any material difficulty in renewing such licenses, permits or certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

From time to time we may be involved in legal proceedings or disputes in our ordinary course of business, such as contract disputes with our customers, suppliers or disputes with other third parties at properties under our management. As of the Latest Practicable Date, there was no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

Compliance

Save for the following historical non-compliance incidents, our Directors are of the view that we had complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Non-compliance incidents

Failure to Make Adequate Social Insurance and Housing Provident Fund Contributions

According to the relevant PRC laws and regulations, we are required to make contributions to social insurance funds (including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance) and housing provident funds for the benefit of our employees in China. During the Track Record Period, we 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 non-compliance

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 frontline personnel who typically demonstrate high mobility, prefer not to contribute to social insurance and housing provident funds; (ii) some employees who have purchased new rural cooperative medical insurance at their residences requested us not to pay to social insurance and housing provident funds for them; and (iii) our staff who were responsible for such matters of our subsidiaries did not adequately understand the local regulatory requirements where we operated.

Legal consequences and potential penalties

As advised by our PRC Legal Adviser, 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 authorities 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) we have obtained written and/or verbal confirmations from local government authorities (which, as advised by our PRC Legal Adviser, 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 social insurance and housing provident fund contributions of RMB1.3 million, RMB2.8 million and RMB3.0 million, respectively, in 2018, 2019 and 2020; (v) we will pay any shortfall within a prescribed time period if demanded by the relevant government authorities; and (vi) based on the foregoing, our PRC Legal Adviser is of the view that the risk that we would be subject to material administrative penalties by relevant authorities is remote.

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.

Remedies and rectification measures taken and internal control measures adopted

In October 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. In November 2020, 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. We have also formulated a plan to ensure full contribution to the social insurance and housing provident funds according to relevant laws and regulations going forward. The plan lists in

detail our current compliance status and major obstacles anticipated during the rectification process. We have started to make full contribution of social insurance funds and housing provident funds since November 2020.

Number of Dispatched Staff Engaged Exceeding Regulatory Threshold

According to the Interim Provision on Labor Dispatch (《劳務派遣暫行規定》) which came into effect on March 1, 2014, the number of dispatched staff engaged by us exceeded 10% of the total number of our employees. During the Track Record Period, the number of dispatched staff engaged by us exceeded 10% of the total number of our employees.

Reasons for non-compliance

During the Track Record Period, due to inadequate legal knowledge and inadvertent oversight of the relevant legal requirements of certain employees, we did not fully comply with the Interim Provision, and the number of dispatched staff engaged by us exceeded 10% of the total number of our employees.

Legal consequences and potential penalties

In the event of violation of the Interim Provision, the relevant labor department would order the violating company to rectify such violation. If the violating company does not rectify within a prescribe period, it will be imposed a fine of RMB5,000 to RMB10,000 for each person over the limit.

Our PRC Legal Adviser is of the opinion that the risk of us being penalized in respect of labor dispatch is very low, given that (i) we have already rectified such non-compliance by November 2020; and (ii) as of the Latest Practicable Date, we had not received any notice of rectification or administrative penalties in respect of labor dispatch from the relevant labor administrative departments.

Based on the above, our Directors are of the opinion that such incident will not have a material adverse impact on our business or results of operations.

Remedies and rectification measures taken and internal control measures adopted

We rectified such non-compliance by terminating some labor dispatch service agreements by November 2020. We have also implemented certain internal control measures such as preparing a control list to monitor the proportion of dispatched staff and such list will be submitted to the head of human resource department of the subsidiary each month for review.

Failure to Register Certain Lease Agreements

As of the Latest Practicable Date, we had not filed the lease agreements for registration for 23 of our leased properties. See "– Properties" for details.

Reasons for non-compliance

We had not filed the lease agreements for these leased properties with the local housing administration authorities as required under PRC law as of the Latest Practicable Date, primarily due to a lack of cooperation from the landlords in registering the relevant lease agreements, which was beyond our control.

Legal consequences and potential penalties

We were advised by our PRC Legal Adviser, that such non-filing of lease agreements would not affect the validity of such leases, but we might be ordered to rectify this non-compliance by competent authorities and if we do not rectify within a prescribed period, a penalty may be imposed on us as a result of such non-filing.

As of the Latest Practicable Date, our Directors confirm that we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above.

Remedies and rectification measures taken and internal control measures adopted

We will take all reasonable steps to promote the registration of lease agreements, and intend not to continue the lease of properties without lease registration upon expiration of relevant agreements. Our Directors do not expect any practical difficulty in identifying alternative premises subject to the lease agreements that have not been filed, and are of the view that such non-filing would not have a material impact on our business operations.

Interest-bearing Loans Made to Related Parties and Third Parties

We made interest-bearing loans to our related parties and third parties during the Track Record Period. As of December 31, 2018, 2019 and 2020, our interest-bearing loans to related parties amounted to RMB47.0 million, RMB45.0 million and RMB301.6 million, respectively. During the same periods, our interest-bearing loans to third parties amounted to nil, RMB7.2 million and RMB7.2 million, respectively. We recognized interest income from loans to related parties of RMB3.1 million, RMB5.0 million and RMB18.3 million in 2018, 2019 and 2020, respectively, and interest income from loans to third parties of RMB0.9 million in 2020.

Reasons for non-compliance

The non-compliance matters were mainly due to our unfamiliarity with the General Lending Provisions, which, in our opinion, only applied to financial institutions rather than companies in property management industry.

Legal consequences and potential penalties

Our PRC Legal Adviser advised us that Article 61 of the General Lending Provisions (《貸款通則》) issued by the PBOC prohibits any financing arrangements or lending transactions between non-financial institutions. Further, pursuant to Article 73 of the General Lending Provisions, the PBOC may impose on the non-compliant lender a fine of one to five times the income received by the lender from such loans. Our PRC Legal Adviser further advised that, 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 has been last amended on December 29, 2020 and implemented on January 1, 2021. According to the Supreme People's Court recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as such agreements are for business operation purposes and do not fall into certain situations stipulated in the Civil Code of the PRC and the Judicial Interpretations on Private Lending Cases.

As of the Latest Practicable Date, we had not received any notice of claim or were not subject to any investigation or penalty relating to the loans we provided to related parties and third parties during the Track Record Period. Loans to related parties were fully settled as of April 30, 2021. On this basis, our PRC Legal Adviser is of the view that the risk of us being penalized for the above-mentioned loans is remote.

Remedies and rectification measures taken and internal control measures adopted

Loans to related parties were fully settled as of April 30, 2021. Loans to third parties will be fully settled before the Listing. We will establish an internal control policy prohibiting provision of loans to related parties and third parties, and our internal control department will conduct regular monitoring and evaluation of the effectiveness of our internal control policies to avoid recurrence of the non-compliance incidents. Our Directors further confirm that our Group will not engage in any lending arrangement with related parties and third parties in violation of the applicable laws and regulations in the future.

OVERVIEW

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Song, our chairman and non-executive Director, will control the exercise of 71.25% voting power in the general meeting of the Company through Kangqiaoyue Shenghuo BVI. Kangqiaoyue Shenghuo BVI is wholly owned by Hung Fai Property Limited, which is directly wholly owned by Trident Trust Company (South Dakota) Inc. as trustee of The Eternity Trust (a discretionary trust established by Mr. Song as the settlor). Accordingly, Mr. Song, Hung Fai Property Limited and Kangqiaoyue Shenghuo BVI are together a group of our Controlling Shareholders.

CLEAR DELINEATION OF BUSINESS

Our Group

Our Group is principally engaged in property management services, value-added services to non-property owners and community value-added services. See "Business" for further information about our business and operations.

Kangqiao Properties Group

Beijing Tongdao is the holding company of Kangqiao Properties Group, which was established in the PRC with limited liability on May 10, 2010. Mr. Song, through Henan Boyuan and its wholly owned subsidiary Shenzhen Kangqiao Industry Co., Ltd. (深圳康橋產業有限公司), was beneficially and indirectly interested in 100% of the shares of Beijing Tongdao as of the Latest Practicable Date.

Kangqiao Properties Group is a leading comprehensive property developer operating in the PRC, focusing on the development of residential properties and non-residential properties. The operation carried out by the Kangqiao Properties Group focus on real estate development in the PRC, which does not form part of our business. Our Group, on the other hand, provides property management services, including among others, order maintenance, cleaning, greening and gardening facility management, repairs and maintenance services, mainly to residential properties, as well as various value-added services to non-property owners and community value-added services, which the Kangqiao Properties Group does not engage in. In addition, our Group provides sales agency services for first-hand properties and unsold parking spaces to Kangqiao Properties Group, on an exclusive and sole basis for some of the property projects that Kangqiao Properties Group develops, while Kangqiao Properties Group does not engage in sales agency services. For more details, see "Continuing Connected Transactions – (D) Continuing Connected Transactions Subject to Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements – 3. Provision of Sales Agency Services to Beijing Tongdao and its Associates".

Given the differences between the principal business operations of our Group and the Kangqiao Properties Group, our Directors are of the view that there is a clear delineation between the businesses of our Group and the Kangqiao Properties Group and accordingly, none of the businesses of the Kangqiao Properties Group will compete or are likely to compete, directly or indirectly, with our businesses.

Zhengzhou Yaerxun Intelligent Technology Co., Ltd. (鄭州亞爾訊智能科技有限公司) ("Zhengzhou Yaerxun")

Zhengzhou Yaerxun is a company established in the PRC with limited liability on January 9, 2017. Mr. Song is the beneficial owner of Zhengzhou Yaerxun, through a nominee shareholding arrangement with Ms. Tang Kaige (唐凱歌), who holds 100% of the equity interest by proxy of Zhengzhou Yaerxun on behalf of Mr. Song. Zhengzhou Yaerxun is principally engaged in intelligent home engineering and construction works at pre-delivery stage, solely to the property projects developed by Kangqiao Properties Group at present and in future.

Our Directors are of the view that Zhengzhou Yaersun does not compete and is unlikely to compete, directly or indirectly with our businesses as they only provide services to Kangqiao Properties Group with no intention to expand their businesses to other third parties. Also, there is a clear business delineation between the respective businesses operated by Zhengzhou Yaerxun and our Group, since our Group focuses more on the design and development of softwares for intelligent communities (智慧社區), intelligent parks (智慧產業園) and intelligent property management platform (智慧物業管理平台), while Zhengzhou Yaerxun solely focuses on construction works in smart home hardwares and infrastructure at pre-delivery stage. We have no intention to expand our businesses to smart home construction works at pre-delivery stage as it requires respective qualifications and capital investment on professionals and machines. Therefore, our businesses can be clearly distinguished from the businesses engaged by Zhengzhou Yaerxun for the aforementioned reasons.

Other companies owned and/or controlled by our Controlling Shareholders

In addition to the interests in our Group and Kangqiao Properties Group, Mr. Song and his close associates also engage in certain businesses, which will not form part of our Group after the Listing, including (i) investment holding; (ii) agent construction; (iii) education; and (iv) culture and tourism. The agent construction services engaged by Kangqiao Properties Group refers to provision of construction management services to develop property projects on behalf of a client, including but not limited to feasibility study, design of buildings, procurement of raw materials, construction, etc.

Such businesses are separate and distinct from our Group's businesses. As a result, our Directors are of the view that there is a clear delineation between our businesses and such businesses, as a result such businesses do not compete and are unlikely to compete, directly or indirectly, with our businesses.

To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition with us 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 businesses.

As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates are interested in any business that is, whether directly or indirectly, in competition with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

OUR BUSINESS RELATIONSHIP WITH THE KANGQIAO PROPERTIES GROUP

We have a well-established and ongoing relationship with Kangqiao Properties Group. In particular, we have been providing property management services to various types of properties of the Kangqiao Properties Group, including residential properties of the Kangqiao Properties Group and its self-owned properties for over 10 years. As confirmed by China Index Academy, the business relationship between the Kangqiao Properties Group and our Group is common among property management companies in the PRC, and has been mutually beneficial and complementary.

Benefiting from such a long and close business relationship, we are able to provide tailored services to the Kangqiao Properties Group to meet its specific needs, and we are familiar with the standards and requirements of the Kangqiao Properties Group. Our Directors believe that it would not be in the best interest of the Kangqiao Properties Group to select and engage other new service providers, considering the amount of time and relevant experience required for such new service provider to provide services of similar quality and standards which are comparable to that of our Group, and the scope of fully integrated services at different stages of the property development required by the Kangqiao Properties Group. Through participating in the tender process conducted by the Kangqiao Properties Group in accordance with the applicable PRC laws and regulations, our Group maintained a success rate of 100% of our tender bids for properties developed by the Kangqiao Properties Group during the Track Record Period and 100% as of the Latest Practicable Date.

Also, during the Track Record Period the Kangqiao Properties Group engaged our Group to provide value-added services to non-property owners, community value-added services and property management services for all the properties it solely developed and delivered (except sales agency services for first-hand properties developed by Kangqiao Properties Group), and our Group was engaged to provide value-added services to non-property owners, community value-added services and property management services for a majority of properties jointly developed by the Kangqiao Properties Group and third-party developers. As such, our Directors are of the view that it is unlikely that our current business relationship with the Kangqiao Properties Group would be materially adversely changed or terminated. Furthermore, as of December 31, 2020, Kangqiao Properties Group had 33 property projects under construction with an aggregated planned gross GFA of approximately 4.9 million sq.m. which

has already been contracted to our Group. It is expected that our Group will continue to be engaged by Beijing Tongdao and its associates to provide such services of their properties, details of which are set out in "Continuing Connected Transactions."

Our Directors believe that the relationship between our Company and Kangqiao Properties Group will not materially change because of the following reasons:

Our Company has established stable business relationship with Kangqiao Properties Group for more than 10 years and our Company has provided consistent and high-quality services to Kangqiao Properties Group, with familiarity with the internal standards procedures and requirements of Kangqiao Properties Group. The foregoing stable business relationship could be shown from the 100% success rate for the tender bids for properties developed by Kangqiao Properties Group during the Track Record Period, which had been held independently and openly, in accordance with the relevant governmental laws and regulations in the PRC.

In addition, Kangqiao Properties Group is a property developer, focusing on developing properties in Central China. The entry barrier is very high for other third parties to be engaged by Kangqiao Properties Group to provide the comprehensive property management services at different stages of property development due to the lack of understandings of local laws and regulations and the demographics and market preference in Central China.

In addition, our Group has entered into various long-term co-operation agreements with Kangqiao Properties Group, comprising the provision of a variety of services including but not limited to pre-delivery property management services, pre-delivery services, sales venue management services and sales agency services, etc. It is very unlikely that Kangqiao Properties Group will terminate these agreements in the nearby future without cause, as there will be substantial administrative cost in finding other suppliers in the market to provide such services and cause material disruption to Kangqiao Properties Group's operation accordingly. Hence, there is hardly any reason for Kangqiao Properties Group to terminate the existing long-term agreements given the close and stable relationship with our Group.

Moreover, our Group is a leading property management service provider in Henan province, with distinguished reputation in its service quality in the region. More than 70% of the contracted GFA and 60% of the GFA under our Group's management was from independent third parties. It is costly and difficult for Kangqiao Properties Group to replace our Group with other property management service providers of similar size and reputation within the region, as our Group is able to provide tailored services to Kangqiao Properties Group to meet its specific needs for each of its properties, for instance, developing specific marketing materials based on the community environment of different properties developed by Kangqiao Properties Group and tailor making sales venues in accordance with the brand positioning of Kangqiao Properties Group.

Given there is a certain degree of mutuality and complementarity of ongoing business between the Kangqiao Properties Group and our Group, as well as our proven track record in securing property management service and sales venue service engagements from the Kangqiao Properties Group, we consider that we will continue to be able to secure future engagements from it and be able to maintain our revenue from the Kangqiao Properties Group upon the Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our businesses independently of our Controlling Shareholders and their respective close associates after the Listing.

Management Independence

Our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. For details of our Directors and the members of our senior management, see "Directors and Senior Management."

Among our Directors, our Group's non-executive Director, Mr. Song, currently holds directorship and senior management roles in Kangqiao Group, who is the president of Kangqiao Group as of the Latest Practicable Date.

Other than Mr. Song, none of our Directors holds any directorship in the Kangqiao Group as of the Latest Practicable Date. Since Mr. Song is our non-executive Director, he will not be involved in the day-to-day management or affairs and operations of the businesses of our Group.

Our independent senior management team is currently led by a core management team comprising Mr. Dai Wai (戴衛), Mr. Kang Weiguo (康衛國), Ms. Wang Na (王娜), Mr. Jia Yifa (賈以法) and Mr. Li Zhi Gang (李志剛). All members of our Group's senior management team have served our Group for a number of years, and our core management team has substantive working experience in the field of property management service. They form part of our core management team and have made material decisions in our operations and business development and expansion during the Track Record Period.

Our Directors consider that the management of our Group will be able to function independently from our Controlling Shareholders and their respective close associates, notwithstanding the abovementioned overlapping Director due to the following:

(a) six out of seven members of our Board, including all our executive Directors, hold no position in Kangqiao Group. Accordingly, the majority of the members of our Board, including the independent non-executive Directors, are independent from Kangqiao Group;

(b) none of the businesses of our Controlling Shareholders (other than our Group) competes, or is likely to complete, with our core business and therefore, the dual roles assumed by Mr. Song in most cases will not affect the requisite degree of impartiality of our Directors in discharging their fiduciary duties owed to our Company;

(c) each Director 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 interest of our Company and must not allow any conflict between his/her duties as a director and his/her personal interests;

(d) any connected transactions with our Controlling Shareholders and their respective associates are subject to the requirements under the Listing Rules, including the reporting, annual review, announcement and independent shareholders' approval requirements (where applicable) under Chapter 14A of the Listing Rules and the internal control measures in respect of connected transactions of our Group;

(e) in the event that there is an actual or potential conflict of interest arising out of any transaction to be entered into between our Group and other parties, which our Directors or their respective close associates are interested in, the interested Director(s) shall abstain from voting on any Board resolutions in respect of such transaction and shall not be counted in the quorum present at the relevant Board meeting. In particular, Mr. Song shall abstain from voting on any Board resolutions in respect of any connected transactions with our Controlling Shareholders and their respective associates, and will not be present at the relevant Board meetings and will be excluded from deliberation by our Board. Hence, Mr. Song would not be able to influence our Board in making decisions on such connected transactions or other matters in which they are, or may be interested. We believe the remaining Directors (including the independent non-executive Directors) have the requisite expertise, qualifications, integrity and experience to maintain an effective Board and observe their fiduciary duties to make Board decisions. See "Directors and Senior Management – Board of Directors" for a summary of the relevant experience and qualifications of our Directors;

(f) our daily management and operations are carried out by an experienced management team independent from our Controlling Shareholders, who have substantial experience in the industry in which our Group is engaged in, and will therefore be able to make business decisions that are in the best interests of our Group. There is no overlapping personnel between the senior management team of our Group and that of Kangqiao Group. Our non-executive Director, Mr. Song, will not be involved in the day-to-day management or affairs and operations of the businesses of our Group. We have the capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources, business management, quality control and design on a standalone basis;

(g) we have three independent non-executive Directors, all of whom have been appointed to bring independent judgment to the decision-making process of our Board, and have the requisite knowledge, industry experience and expertise to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. Additional independent consultants would also be engaged to provide advice to the independent non-executive directors where needed;

(h) the management, operation and affairs of our Group are headed, managed and supervised by our Board as a whole and not by any individual Director. Our Board acts collectively by a major decision through board meetings or written resolutions and the view of a Director will be checked and balanced by the view of other Board members; and

(i) instances of potential conflict of interests (if any) have been identified and minimised by virtue of the Deed of Non-Competition, and we have adopted corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders and their respective close associates which would support our independent management. See "– Corporate Governance Measures" below for further information.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operation independently of our Controlling Shareholders and their respective close associates and will continue to do so after the Listing.

In relation to our property management services provided to residential properties, although approximately 40% of the total GFA of residential properties under management by our Group as of December 31, 2020, were properties developed or owned by Kangqiao Properties Group (including projects solely developed by the Kangqiao Properties Group and properties that Kangqiao Properties Group jointly developed with other property developers for which Kangqiao Properties Group held a controlling interest), as we continued to provide property management services to property owners after delivery of residential properties; the majority of the customers of our Group are individual property owners independent from the Kangqiao Properties Group. We also participated in the selection or tender processes conducted by other property developers and potential customers, who are Independent Third Parties. For the year ended December 31, 2020, approximately 43.9% of our revenue from property management services in respect of residential properties was generated from the third-party property developers (including property developers independent from Kangqiao Properties Group and property developers who are joint ventures and associates of the Kangqiao Properties Group in which the Kangqiao Properties Group does not hold a controlling interest).

At the pre-sale and pre-delivery stage, we secured the preliminary property management service engagements through a standard bidding process to such extent required by applicable PRC laws and regulations. According to the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (issued on June 26, 2003 and came into effect on September 1, 2003), developer of residential buildings and non-residential buildings in the same property management area shall engage qualified property management companies by inviting bid. If there are fewer than three bidders or for small-scale properties, the developer can select and hire qualified property management companies by entering into an agreement with the approval of the real estate administrative department of the district or county government of the place where the property is located. Pursuant to the Regulations of Henan Province on Property Management (《河南省物業管理條例》) (announced on September 30, 2017 and came into effect January 1, 2018) and the Interim Measures for Tender and Bidding Management of Preliminary Property Management of Henan Province (《河南省前期物業管理招標投標管理暫行辦法》) (announced and came into effect on February 27, 2018), before handling the pre-sale permit for commercial housing or the registration of the sale of existing houses, the developer shall, according to the designated property management area, select and employ property management companies by means of bidding, and sign the preliminary property management contract and provide preliminary property service. The developer of residential and non-residential properties shall, by means of bidding and tendering, select and employ preliminary property management companies to implement preliminary property management. We have not enjoyed any preferential treatment in the tender process due to the relationship with Kangqiao Properties Group.

In addition, in the post-delivery stage of the property development projects, where the property units have been wholly or partially sold and the owners' associations have been established, the owners' associations have the right to select or replace the property management service provider. Both our Group and Kangqiao Properties Group do not have decisive influence over such selection or replacement of property management services providers by the owners' associations. Also, we have adopted various measures to enhance customer satisfaction and loyalty, such as conducting customer satisfaction surveys. We intend to use approximately 10% of the net proceeds raised from the Global Offering to improve our service quality and customer experience. See "Future Plans and Use of Proceeds – Use of Proceeds" for further details.

We have started to engage in the provision of property management services for residential properties developed or owned by third-party property developers (including property developers independent from Kangqiao Properties Group and property developers who are joint ventures and associates of Kangqiao Properties Group in which Kangqiao Properties Group does not hold a controlling interest) since the establishment of our Group. As of December 31, 2020, the total GFA under management pursuant to such third-party projects was approximately 8.8 million sq.m., representing approximately 60% of the total GFA of residential properties under management by our Group. Given our continuous effort to engage with properties developed or owned by Independent Third Parties, including obtaining new service engagements via participating in the selection or tender processes conducted by other

third-party property developers (which we identify in the market) and strategically acquiring regional property management companies, the percentage of revenue attributable to the Kangqiao Properties Group is expected to keep decreasing toward the end of 2023.

During the Track Record Period, we had provided property management services to the properties developed, owned or operated by the Kangqiao Properties Group in the ordinary course of our business and on normal commercial terms. Such transactions will continue after the Listing and will constitute continuing connected transactions of our Company under the Listing Rules. For further details, see "Continuing Connected Transactions."

Despite the abovementioned transactions with the Kangqiao Properties Group, our Group has adopted, and will continue to adopt, the following measures to reduce our reliance on the properties developed by the Kangqiao Properties Group:

(a) we have a sales and marketing team primarily responsible for planning and developing our overall marketing strategy, conducting market research, and coordinating our sales and marketing activities to acquire new customers. Despite the industry norm that property developers usually prefer their affiliated property management companies to provide property management services, we will continue to put in significant effort to identify potential projects available in the market and reach out to independent third-party customers, especially those that have no strong affiliation with any property management companies, including seeking tender opportunities through available information channels, communicating with industry organizations and participating in industry events to identify co-operation opportunities, and conducting market research to understand the preference of our potential customers. With over ten years of experience in providing property management services and being recognized as a reputable comprehensive property management service provider in Henan Province, our Directors are of the view that we are able to leverage our experience and reputation in the market to identify and capture new business opportunities from third-party property developers and customers, evidenced by the gradual increase in the percentage in revenue generated from property management services to properties developed by third-party developers, as compared to our total revenue from 46.5% in 2018 to 49.8% as of December 31, 2020. The total GFA under management in respect of such properties increased from approximately 5.4 million sq.m. as of December 31, 2018, to approximately 9.8 million sq.m. as of December 31, 2020, representing an increase of over 81.5%; and

(b) in relation to residential properties, we secure our preliminary property management service engagements mainly through a standard tender process regulated by the applicable laws and regulations in the PRC. In 2018, 2019 and 2020, the number of our tender bids for residential properties and projects of Independent Third Parties was 23, 42 and 44, respectively, and the success rate was approximately 73.91%, 78.57% and 88.64%, respectively. The success rate of our tender increases along with our Group's goal to diversify our independent customer base over the Track

Record Period through our accumulated experience in cost budgeting and projection to win the tenders. We will continue to participate in the tender bids for properties developed by third-party developers in order to diversify our customer base. In making such bid submissions, we strategically focus on the projects that are complementary with our property portfolio and geographical coverage, and are developed by third-party developers that do not have an affiliated property management company with a view to increasing our success rate. Since January 1, 2021, and as of the Latest Practicable Date, we have submitted 19 and 10 tender bids for property management service engagements for residential and non-residential properties developed by such third-party property developers, respectively. The number of tender bids submissions is expected to increase for the three years ending December 31, 2023.

In light of the above, taking into account the percentage of revenue and the total area of the provision of property management services (including residential and non-residential properties) to the third party property developers for the year ended December 31, 2020, being 49.8% and 62.5%, respectively, our Directors are of the view that the above measures adopted or to be adopted by our Group will collectively reduce our reliance on the properties developed by Kangqiao Properties Group realistically and effectively.

Access to suppliers/customers/business partners

We have a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. Also, 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.

Licences required for operations

We hold and enjoy the benefit of all related licences and permits material to the operation of our business.

Administrative Capabilities

We have full rights to make all decisions on, and to carry out, all essential administrative functions of our Group independently of our Controlling Shareholders and their respective close associates. In particular, our Group has its own staff to perform all essential administrative functions, such as finance and reporting, administration and operations, compliance and human resources functions – separately and independently from our Controlling Shareholders and their respective close associates – and is capable of generating its own business channels.

Operational facilities

As of the Latest Practicable Date, we leased properties from Kangqiao Properties Group and its associates with a total GFA of 1,612.52 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 associates.

Employees

We confirm that, as of the Latest Practicable Date, our full-time employees were primarily recruited independently, and primarily through recruitment websites, sub-contracting with independent contractors, job fairs, on-campus recruitment programs, recruiting firms and internal referrals.

Continuing connected transactions with our Controlling Shareholders

The section headed "Continuing Connected Transactions" sets out the continuing connected transactions between our Group and our Controlling Shareholders or their respective associates, which will continue after the Listing. All such transactions are determined after arm's-length negotiations and on standard commercial terms. We expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders or their respective close associates at a reasonable percentage with respect to our total revenues after the Listing. Accordingly, our Directors are of the view that such continuing connected transactions will not affect our operational independence as a whole.

Save for the continuing connected transactions set out in "Continuing Connected Transactions," our Directors do not expect that there will be any other transactions between our Group and our Controlling Shareholders or their respective associates upon or shortly after the Listing.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have our independent internal control and accounting systems and an independent financial department with a team of independent financial staff responsible for discharging the treasury function.

During the Track Record Period, our Controlling Shareholders and their close associates had guaranteed certain of our borrowings, all of which will be released prior to the Listing. See "Financial Information – Indebtedness" and "Financial Information – Related Party Transactions and Balances" for further details.

As confirmed by our Directors, immediately prior to the Listing, there will be no other loans or non-trade balances due to or from our Controlling Shareholders or their respective close associates which have not been fully settled nor were there any financial assistance, security, pledges and guarantees provided by any of our Controlling Shareholders or their respective close associates on the Group's financing, which have not been fully released or discharged.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from the Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKINGS

To ensure that competition does not develop between our Group and our Controlling Shareholders, each of our Controlling Shareholders (collectively, the "**Covenantors**" and each, a "**Covenantor**") entered into a deed of non-competition undertakings (the "**Deed of Non-competition**") in favor of our Company (for ourselves and as trustee for the benefit of each of our subsidiaries) on June 17, 2021, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with our Company that at any time during the Relevant Period (as defined below), each of the Covenantors shall not, and shall procure that his/its close associates (other than members of our Group) will not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which are the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the "**Restricted Business**").

The above restrictions do not prohibit any of the Covenantors and his/its close associates (excluding members of our Group) from:

(a) holding any securities of any companies which conducts or is engaged in any Restricted Business through its interest in our Group;

(b) through acquiring or holding any investment or interest in units or shares of any company, investment trust, joint venture, partnership or other entity in whatever form that engages in any Restricted Business where the aggregate number of shares held by the Covenantors and their respective close associate (except any members of our Group) does not exceed 10% of the issued shares of that class of shares of such entity, provided that (i) such investment or interest does not grant any of the Covenantors or their respective close associates, nor does any of the Covenantors or their respective close associates otherwise hold, any right to control the composition of the board of directors or managers of such entity and (ii) such investment or interest does not grant the Covenantors or their respective close associates any right to participate, directly or indirectly in such entity; or

(c) participating in any New Business Opportunities (as defined below) if our Group has declined the New Business Opportunities or no written notice has been received from our Group of our decision to pursue or decline the New Business Opportunity that we shall be deemed to have declined the New Business Opportunity as set out below.

Each of the Covenantors has also unconditionally and irrevocably undertaken, jointly and severally, to procure the referral of, any investment or commercial opportunity relating to any Restricted Business (the "**New Business Opportunities**" and each, a "**New Business Opportunity**") to us (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time) in the following manner:

(a) as soon as practicable following he/it becoming aware of any New Business Opportunity, give written notice (the "**Offer Notice**") to us identifying the target company (if relevant) and the nature of the New Business Opportunity, detailing all information available to him/it for us to consider whether to pursue such New Business Opportunity (including details of any investment or acquisition costs and the contact details of the third party offering, proposing or presenting the New Business Opportunity to him/it);

(b) our Company shall, as soon as practicable and in any case within 25 Business Days from the receipt of the Offer Notice (the "**Offer Notice Period**") notify the Covenantors in writing of any decision taken to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party offering, proposing or presenting the New Business Opportunity, and each of the Covenantors shall use his/its best endeavors to assist us in obtaining such New Business Opportunity on the same or more favorable terms;

(c) our Company is required to seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline the New Business Opportunity, and that the appointment of an independent financial advisor to advise on the terms of the transaction in the subject matter of such New Business Opportunity may be required;

(d) he/it may, at his/its absolute discretion, consider extending the Offer Notice Period as appropriate;

(e) he/it shall be entitled to, but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if:

(i) he/it has received a written notice from us declining the New Business Opportunity; or

(ii) he/it has not received any written notice from us of our decision to pursue or decline the New Business Opportunity within 25 Business Days from our receipt of the Offer Notice, or if he/it has extended the Offer Notice Period, within such other period as agreed by him/it, in which case our Company shall be deemed to have declined the New Business Opportunity; and

(f) if there is a change in the nature or proposal of the New Business Opportunity pursued by any of the Covenantors, he/it shall refer the New Business Opportunity as revised and shall provide details of all available information for us to consider whether to pursue the New Business Opportunity as revised.

When considering whether or not to pursue any New Business Opportunities, our independent non-executive Directors will form their views based on a range of factors including, but not limited to, the estimated profitability, investment value and permits and approval requirements.

Under the Deed of Non-competition, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

(a) he/it shall provide, and shall procure his/its close associates (other than members of our Group) to provide, during the Relevant Period (as defined below), all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review him/it and his/its close associates' (other than members of our Group) compliance with the Deed of Non-competition, and to enable the independent non-executive Directors to enforce the Deed of Non-competition;

(b) without prejudicing the generality of paragraph (i) above, he/it shall provide to us an annual declaration for inclusion in our annual report, in respect of his/its compliance with the undertakings contained in the Deed of Non-competition;

(c) he/it has agreed and authorized us to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition, either through our annual reports or by way of announcements to the public; and

(d) he/it agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) which we may suffer or incur as a result of any failure to comply with the terms of the Deed of Non-competition by him/it or any of his/its respective close associates.

Our Company will disclose the decisions with the basis of matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition, either in the annual report of our Company or by way of announcements to the public.

For the purposes of the above, the "**Relevant Period**" means the period commencing from the Listing Date and ending on the earlier of (i) the date when the Covenantors and, as the case may be, any of their respective close associates (excluding any member of our Group), ceases to hold, or otherwise be interested in, beneficially in aggregate, whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued ordinary share capital of our Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

CORPORATE GOVERNANCE MEASURES

In addition to the measures addressing potential competition and conflict of interest as stated above, our Directors believe that there are also adequate corporate governance measures in place to manage the potential conflict of interest between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole due to the following reasons:

(a) our independent non-executive Directors will review, on an annual basis, the compliance with non-competition undertakings by our Controlling Shareholders under the Deed of Non-competition;

(b) our Controlling Shareholders shall provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;

(c) our Company will disclose decisions and related basis of matters reviewed by our independent non-executive Directors (including all rejections by our Company of New Business Opportunities in the Restricted Businesses that have been referred by our Controlling Shareholders), which are related to compliance and enforcement of the non-competition undertakings by our Controlling Shareholders under the Deed of Non-competition in the annual reports of our Company or by way of public announcement;

(d) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his close associates has a material interest; nor shall such Director be counted in the quorum present at the meeting;

(e) a Director with material interests shall make full disclosure in respect of any matters that conflict or potentially conflict with our interest and absent himself from the board meetings on matters in which such Director or any of his close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(f) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see "Directors and Senior Management – Board of Directors – Independent Non-executive Directors"; and

(g) in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors (including why business opportunities referred to it by our Controlling Shareholders were not taken up) either through its annual reports or by way of announcements.

We have entered into certain transactions with certain parties which will become our connected persons upon the Listing, the details of which are set out below. The transactions disclosed in this section will continue after the Listing and hence will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon the Listing.

(A) CONNECTED PERSONS

Associates of Mr. Song

Mr. Song is our ultimate Controlling Shareholder and chairman of the Board, and will be beneficially interested in 71.25% of the number of issued Shares upon the Listing (assuming the Over-allotment Option is not exercised). He holds 100% of the beneficial interests (of which 0.1% of the equity interest is held by proxy by his nephew Mr. Song Shuxing (宋書行)) in Henan Boyuan Panorama Enterprise Management Consulting Co., Ltd. (河南博遠全景企業管理諮詢有限公司), which holds 100% of the equity interest in Shenzhen Kangqiao Industry Co., Ltd. (深圳康橋產業有限公司) ("**Shenzhen Kangqiao**"). Shenzhen Kangqiao indirectly holds 100% of the equity interest in Beijing Tongdao, of which the principal business of Beijing Tongdao is real estate property development. Also, Shenzhen Kangqiao holds 94.9001% of the equity interest in Kangqiao Education Technology, of which the principal business of Kangqiao Education Technology is education and educational technology. Therefore, Beijing Tongdao, Kangqiao Education Technology and their subsidiaries are associates of Mr. Song and hence our connected persons under the Listing Rules upon the Listing.

(B) SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Fully exempt continuing connected transactions

No.	Nature of transactions	Relevant Listing Rules	Waiver sought
1.	Provision of property management and value-added services to Kangqiao Education Technology and its associates	Rule 14A.76	Not applicable

Non-exempt continuing connected transactions

Subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements

No.	Nature of transactions	Relevant Listing Rules	Waiver sought
2.	Provision of pre-delivery property management services to Beijing Tongdao and its associates	14A.35, 14A.36, 14A.53	Announcement, circular and independent shareholders' approval requirements
3.	Provision of value-added services to Beijing Tongdao and its associates	14A.35, 14A.36, 14A.53	Announcement, circular and independent shareholders' approval requirements
4.	Provision of sales agency services to Beijing Tongdao and its associates	14A.35, 14A.36, 14A.53	Announcement, circular and independent shareholders' approval requirements

(C) FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below the details of the continuing connected transaction of our Company which is fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On June 17, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a property management service framework agreement (the "**Education Institutions Property Management Services Framework Agreement**") with Kangqiao Education Technology (for itself and on behalf of its associates), pursuant to which we agreed to provide property management and value-added services to Kangqiao Education Technology and its associates for the education institutions operated by them, including but not limited to security, cleaning, gardening, facilities repair and maintenance services (the "**Education Institutions Property Management Services**"). The Education Institutions Property Management Services Agreement shall be effective upon Listing and will be valid until December 31, 2023, renewable by mutual agreement of the parties, subject to compliance with all relevant requirements under the Listing Rules and other applicable laws and regulations. It is envisaged that from time to time as required, individual agreements may be entered into between our Group and Kangqiao Education Technology and its associates in respect of the Education Institutions Property Management Services and such individual agreements shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Education Institutions Property Management Services Framework Agreement.

The total property management and value-added services fee paid to us in relation to the Education Institutions Property Management Services for the three years ended December 31, 2018, 2019 and 2020 were approximately RMB0.24 million, RMB0.41 million and RMB0.60 million, respectively.

The maximum annual amounts payable by Kangqiao Education Technology and its associates to us under the Education Institutions Property Management Services Framework Agreement for each of the three years ending December 31, 2023 is RMB1.3 million, RMB1.5 million and RMB1.7 million. The above annual caps were determined with reference to the existing and future services fees in respect of the Education Institutions Property Management Services of the existing and future education institutions we have been engaged and expected to be engaged to provide Education Institutions Property Management Services.

The service fees to be charged for the Education Institutions Property Management Services shall be determined on arm's length basis with reference to (i) the prevailing market rate for the provision of similar property management and value-added 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 existing transaction amounts and the estimated number of education institutions to be operated by Kangqiao Education Technology and its associates in future.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Education Institutions Property Management Services Framework 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 Education Institutions Property Management Services Framework Agreement constitute continuing connected transactions for our Company which will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

We set out below the details of the continuing connected transactions of our Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Provision of Pre-delivery Property Management Services to Beijing Tongdao and its Associates

During the Track Record Period, our Group had been engaged by Beijing Tongdao and its associates by way of tender for the provision of certain Pre-delivery Management Services (as defined below) to properties which were unsold or sold but not yet delivered to the property owners in accordance with the relevant pre-delivery property management laws and regulations in the PRC.

Pre-delivery Property Management Services Framework Agreement

On June 17, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a framework agreement (the "**Pre-delivery Property Management Services Framework Agreement**") with Beijing Tongdao (for itself and on behalf of its associates) in relation to the provision of basic property management services and vacant property maintenance services (for maintenance of vacant properties which have not been sold) for its and its associates' property projects, including but not limited to cleaning, gardening, repair and maintenance of common area and shared facilities (collectively, the "**Pre-delivery Property Management Services**"). The Pre-delivery Property Management Services Framework Agreement shall be effective upon Listing and will be valid until December 31, 2023, renewable by mutual agreement of the parties, subject to compliance with all relevant requirements under the Listing Rules and other applicable laws and regulations.

The Pre-delivery Property Management Services Framework Agreement is a framework agreement which provides the mechanism for operation of the connected transactions described therein. It is envisaged that from time to time as required, individual agreements may be entered into between our Group and Beijing Tongdao and its associates in respect of the Pre-delivery Property Management Services and such individual agreements shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Pre-delivery Property Management Services Framework Agreement. The principal terms of the Pre-delivery Property Management Services Framework Agreement are set out below:

Parties:	The Company (for ourselves and on behalf of our subsidiaries); and Beijing Tongdao (for itself and on behalf of its associates).
Scope of services:	The Pre-delivery Property Management Services to be provided by our Group under the individual agreements which have been and/or will be entered into between the Company (or the relevant members of its Group) and the relevant members of Beijing Tongdao, including but not limited to cleaning, gardening, repair and maintenance of common area and shared facilities of Beijing Tongdao and its associates' property projects.
Property management fees:	The pre-delivery property management fees payable shall be based on the prices with reference to staff cost, equipment cost and administrative expenses as specified in the tender documents to be submitted by our Group under the relevant tender process in compliance with the laws and regulations in the PRC, with reference to (i) the relevant guidance rates set by MOHURD; (ii) the prevailing market rate for similar services provided; and (iii) the pre-delivery property management fees we charged to other independent third parties for comparable services.

Historical transaction amounts and annual caps

The following table set out the total revenue from Pre-delivery Property Management Services provided to Beijing Tongdao and its associates by our Group during the Track Record Period.

For the year ended December 31,		
2018	**2019**	**2020**
RMB'000	*RMB'000*	*RMB'000*
6,997	14,102	16,159

We expect the maximum aggregate annual service fees paid by Beijing Tongdao and its associates to the Group in relation to the Pre-delivery Property Management Services pursuant to the Pre-delivery Property Management Services Framework Agreement for the three years ending December 31, 2023 are as follows:

For the year ending December 31,		
2021	**2022**	**2023**
RMB'000	*RMB'000*	*RMB'000*
17,775	20,441	23,712

The above annual caps under the Pre-delivery Property Management Services Framework Agreement are determined based on (i) a number of 32 contracts already awarded to our Group from Beijing Tongdao and its associates during the Track Record Period and the outstanding property management fees of RMB1.0 million, RMB1.5 million and RMB2.6 million for the future unrendered services to be provided for each of the three years ending December 31, 2023 under the existing pre-delivery property management services agreements; and (ii) the historical amount and expected increase in cost of 10%-16%, which manly arising from the anticipated increase in labour costs, for preparatory property management services attributable to the expected improving quality of the property projects to be developed by Beijing Tongdao and its associates in future.

It is expected that we will be engaged to provide Pre-delivery Property Management Services to a total of 12, 16 and 19 property projects to Beijing Tongdao and its associates with a total contracted GFA of approximately 1.3 million sq.m., 2.0 million sq.m. and 3.5 million sq.m. for each of the three years ending December 31, 2021, 2022 and 2023, respectively, in accordance with the expected delivery schedule (of which 33 property projects are under construction) of property projects developed by Beijing Tongdao and its associates.

Implications under the Listing Rules

Since one or more of the applicable percentage ratios in respect of the proposed annual caps in respect of the Pre-delivery Property Management Services under the Pre-delivery Property Management Services Framework Agreement for the three years ending December 31, 2023 exceed 5%, the transactions contemplated thereunder will be subject to the reporting, annual review, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Provision of Value-added Services to Beijing Tongdao and its Associates

During the Track Record Period, our Group has been engaged by Beijing Tongdao and its associates to provide value-added services to their residential property projects, display units and sales venues. We had also provided certain other value-added services to Beijing Tongdao and its associates, such as construction site supervision and maintenance services and pre-delivery services (without basic property management services, including but not limited to cleaning, gardening, repair and maintenance of common area and shared facilities). (collectively, the "**Value-added Services**")

To streamline the management of future connected transactions in respect of the provision of the Value-added Services by our Group to Beijing Tongdao and its associates, we decided to consolidate all Value-added Services into one master framework agreement. On June 17, 2021, the Company (for ourselves and on behalf of our subsidiaries) entered into a value-added services master framework agreement with Beijing Tongdao (for itself and on behalf of its associates), pursuant to which we agreed to provide a variety of Value-Added Services to Beijing Tongdao and its associates, which shall cover, among other things, all the value-added services contemplated under the current scope of services provided (the "**Value-added Services Master Framework Agreement**"). The Value-added Services Master Framework Agreement shall be effective upon Listing and will be valid until December 31, 2023, renewable by mutual agreement of the parties, subject to compliance with the requirements under the Listing Rules and all other applicable laws and regulations. The terms of the Value-added Services Master Framework Agreement are set out below:

Parties:

(a) The Company (for ourselves and on behalf of our subsidiaries); and

(b) Beijing Tongdao (for itself and on behalf of its associates).

Scope of services:

(a) Pre-delivery services

Members of the Group shall provide (i) pre-delivery consulting services during the project construction development, including but not limited to provision of consulting services on design and planning stage, construction stage, sales stage, inspection stage and delivery stage; and (ii) inspection services for newly constructed properties to Beijing Tongdao and its associates.

(b) Sales venues management services

Members of the Group shall provide overall management services to the sales venues for the sales and promotion of the property projects of Beijing Tongdao and its associates, including but not limited to operation and administration services, order maintenance, intelligent technologies, maintenance, cleaning, gardening and other ancillary services to the aforesaid venue.

(c) Property management services to self-owned properties by Beijing Tongdao and its associates

Members of the Group shall provide property management services to the offices and other properties owned by Beijing Tongdao and its associates for their operation.

(d) Construction site supervision and maintenance services

Members of the Group shall provide video surveillance, crisis management, vehicles and visitor management services to Beijing Tongdao and its associates in the construction sites of their property projects.

The Value-added Services Master Framework Agreement is a framework agreement which provides the mechanism for operation of the connected transactions described therein. It is envisaged that from time to time as required, individual agreements may be entered into between our Group and Beijing Tongdao and its associates in respect of the Value-added Services and such individual agreements shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Value-added Services Master Framework Agreement.

Pricing policy:

The relevant members of the Group shall, where they are selected following the relevant quotation procedures for selection of services providers, provide Value-added services to Beijing Tongdao and its associates according to the quotation documents and definitive management services agreements to be entered into between relevant members of the Group and Beijing Tongdao and its associates from time to time.

The Value-added Services fees payable by Beijing Tongdao and its associates shall be determined based on arm's length negotiation between Beijing Tongdao and its associates and members of the Group, with reference to a wide range of factors, including but not limited to, (i) cost analysis on the the Value-added Services, particularly the labor and material cost; (ii) nature, age, infrastructure features, geographical location and neighborhood profile of the relevant properties; and (iii) prevailing market price charged by other independent third party services providers to Beijing Tongdao and its associates in respect of comparable services and locations.

The transactions contemplated under the Value-added Services Master Framework Agreement shall be on normal commercial terms and on terms no more favorable than those offered to Independent Third Party services providers in respect of comparable services and on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts and annual caps

The following table set out the total revenue from Value-added Services including pre-delivery services, construction site management services and sales venues management services provided to Beijing Tongdao and its associates by our Group during the Track Record Period.

For the year ended December 31,		
2018	**2019**	**2020**
RMB'000	*RMB'000*	*RMB'000*
51,266	82,200	82,936

We expect the maximum aggregate annual service fees paid by Beijing Tongdao and its associates to the Group in relation to the Value-added Services pursuant to the Value-added Services Master Framework Agreement for the three years ending December 31, 2023 are as follows:

For the year ending December 31,		
2021	**2022**	**2023**
RMB'000	*RMB'000*	*RMB'000*
115,732	179,137	238,947

The above annual caps under the Value-added Services Master Framework Agreement are determined based on the estimated transaction amount for the provision of Value-added Services by our Group to Beijing Tongdao and its associates for each of the three years ending 31 December 2023, which were determined with reference to: (i) the expected increase in the demand of approximately 40% in average from Beijing Tongdao and its associates for the Value-added Services attributable to the estimated growth in the number of property projects developed by Beijing Tongdao and its associates, in addition to 33 property projects under construction with an aggregated planned GFA of approximately 5.3 million sq.m. of which our Group has been contracted to provide services to Beijing Tongdao and its associates; (ii) the values of existing contracts of various Value-added Services entered between Beijing Tongdao and its associates and our Group. As of the Latest Practicable Date, we had signed 99 contracts to provide the Value-added Services to property projects developed by Beijing Tongdao and its associates (of which 96 contracts from the foregoing 33 property projects under construction) and approximately RMB77.6 million would be recognised from such existing contracts in 2021; (iii) the expected increase in number of sales venues from 26 in 2020 to approximately 37, 52 and 69 for each of the three years ending December 31, 2021, 2022 and 2023, respectively, based on the historical growth of the sales venue during the Track Record Period and the existing contracts to be carried out in future based on the delivery schedule of the property projects developed by Beijing Tongdao and its associates; (iv) the expected increase in the GFA for the provision of pre-delivery services

from 2.0 million sq.m. in 2020 to approximately 4.7 million sq.m., 4.5 million sq.m. and 4.9 million sq.m. for each of the three years ending December 31, 2021, 2022 and 2023, respectively, based on the existing contracts to be carried out in future and the GFA of the property projects to be developed by Beijing Tongdao and its associates; (v) the estimated increase of 13.9%-36.9% in number of workers in construction site supervision different and maintenance services; (vi) the estimated increase in contract prices of around 3-10% of Value-added Services due to inflation in labor cost and raw materials; and (vii) the prices based on arm's length negotiations between the Group and Beijing Tongdao Properties and its associates with reference to prevailing market price taking into account of prices and rates charged by independent third parties services providers in respect of comparable services and locations.

Implications under the Listing Rules

Since one or more of the applicable percentage ratios in respect of the proposed annual caps in respect of the Value-added Services under the Value-added Services Master Framework Agreement for the three years ending December 31, 2023 exceed 5%, the transactions contemplated thereunder will be subject to the reporting, annual review, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Provision of Sales Agency Services to Beijing Tongdao and its Associates

On June 17, 2021, our Company (for ourselves and on behalf of our subsidiaries), entered into a sales agency services framework agreement with Beijing Tongdao (for itself and on behalf of its associates), pursuant to which we agreed to provide sales agency services for first-hand properties and unsold parking spaces, including but not limited to consulting services and sales events organization services (the "**Sales Agency Services**"), on an exclusive and sole basis for some of the property projects developed by Beijing Tongdao and its associates (the "**Sales Agency Services Framework Agreement**"). The Sales Agency Services Framework Agreement shall be effective upon Listing and will be valid until December 31, 2023, renewable by mutual agreement of the parties, subject to compliance with the requirements under the Listing Rules and all other applicable laws and regulations.

The Sales Agency Services Framework Agreement is a framework agreement which provides the mechanism for operation of the connected transactions described therein. It is envisaged that from time to time as required, individual agreements may be entered into between our Group and Beijing Tongdao and its associates in respect of the Sales Agency Services and such individual agreements shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Sales Agency Services Framework Agreement.

Pricing policy

The commission rate charged for the provision of the Sales Agency Services in respect of the first-hand properties shall be calculated based on the prevailing market commission rate, with reference to the popularity and location of the respective property projects and the real estate market condition.

The agency fees for the provision of the Sales Agency Services in respect of unsold parking spaces shall be calculated based on the following:

Sales agency fee	=	Difference between the contract prices of the subject parking spaces and the sales reserve prices of the subject parking spaces

The reserve prices of the subject parking spaces shall be determined with reference to the prevailing market price charged by other Independent Third Party services providers to Beijing Tongdao and its associates through tenders. The sales agency fees for the unsold parking spaces would be the difference between the contract prices of the subject parking spaces and the sales reserve prices of the subject parking spaces with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces.

The commission and agency fee in respect of the first-hand properties and unsold parking spaces of each specific project is subject to the relevant definitive agreements to be entered into between the relevant members of our Group and Beijing Tongdao and its associates, and shall be determined after arm's length negotiations between the relevant parties with reference to the aforesaid pricing policies.

The transactions contemplated under the Sales Agency Services Framework Agreement shall be on normal commercial terms, no more favorable than those offered by independent third party services providers in respect of comparable services and on terms that are fair and reasonable and in our interests and our Shareholders as a whole.

Historical transaction amounts and annual caps

The following table set out the total revenue from commission and agency services in respect of the first-hand properties and unsold parking spaces provided to Beijing Tongdao and its associates by our Group during the Track Record Period:

For the year ended December 31,		
2018	**2019**	**2020**
RMB'000	*RMB'000*	*RMB'000*
3,070	25,080	116,545

The historical value of the first-hand properties that have been contracted to our Group for the year ended December 31, 2020 was approximately RMB12.2 billion, while the historical values of the unsold parking spaces that have been contracted to our Group for the three years ended December 31, 2018, 2019 and 2020 were approximately RMB876 million, RMB806 million and RMB788 million, respectively. The historical turnover rate for the last quarter ended December 31, 2020 for the first-hand properties was approximately 56.1%.

Meanwhile, the historical turnover rate for each of the three years ended December 31, 2020 for the unsold parking spaces was approximately 13.1%, 21.5% and 22.6%, respectively.

We expect the maximum aggregate commission and agency fees to be charged by the our Group to Beijing Tongdao and its associates pursuant to the Sales Agency Services Framework Agreement for each of the three years ending December 31, 2023 will be as follows:

For the year ending December 31,		
2021	**2022**	**2023**
RMB'000	*RMB'000*	*RMB'000*
133,386	193,809	277,281

The above annual caps under the Sales Agency Services Framework Agreement are determined based on the estimated transaction amount for the provision of Sales Agency Services by our Group to Beijing Tongdao and its associates for each of the three years ending 31 December 2023, which were determined with reference to: (i) the total values of the first-hand properties that have been contracted and expected to be contracted by Beijing Tongdao and its associates to our Group for the year ending December 31, 2021, 2022 and 2023 which is estimated to be approximately RMB12.9 billion, RMB16.5 billion and RMB20.6 billion, respectively. As of April 30, 2021, the total values of RMB12.2 billion which accounts to 25.7% of the total values of the estimated first hand properties for the three years ending December 31, 2023 have been contracted by Beijing Tongdao and its associates to our Group; (ii) the total values of the unsold parking spaces that have been contracted and expected to be contracted by Beijing Tongdao and its associates to our Group for the year ending December 31, 2021, 2022 and 2023, which is estimated to be approximately RMB1.2 billion, RMB1.7 billion and RMB2.5 billion, respectively. As of April 30, 2021, the total values of RMB1.5 billion which accounts to 27.8% of the total values of the estimated unsold parking spaces for the three years ending December 31, 2023 have been contracted by Beijing Tongdao and its associates to our Group; (iii) the estimated turnover rate of the first-hand properties and unsold parking spaces, which is estimated to be approximately 70% and 21% on average for the three years ending December 31, 2023, respectively, each of which is estimated to be comparable to the same during the Track Record Period; and (iv) the commission charged

at prevailing market rate within 1%-8% for the first-hand properties and less than 40% for the unsold parking spaces, with reference to the popularity and location of the respective property projects and the real estate market condition.

It is estimated that there will be an increase in total value of the first-hand properties available for sales outside Zhenzhou and newly developed first-hand properties, and an increase in the total value of unsold parking spaces in each of the two years ending December 31, 2022 and 2023, which would be gradually contracted to our Group from Beijing Tongdao and its associates. It is estimated there would be approximately 19, 27 and 39 property projects to be developed and approximately 10,583, 14,605 and 21,615 parking spaces to be sold by Beijing Tongdao and its associates, for each of the three years ending December 31, 2021, 2022 and 2023, respectively, based on property development plan of Beijing Tongdao and its associates. The increase in the aforesaid estimated future contracted amounts is attributable to our increasing sales capacity and improving sales and marketing capability of our Group, with reference to the annual projected percentage growth of the property development by the Kangqiao Properties Group. The expected turnover rate of the unsold parking spaces on average for the three years ending 31 December 2023 (*21%*) is in line with that during the Track Record Period (*19.1%*) based on the historical sale figures. In addition, the expected turnover rate of the first-hand properties on average for the last quarter for the year ended 31 December 2020 (*56.1%*) is lower than the expected turnover rate of the first-hand properties on average for the three years ending 31 December 2023 (*70%*) due to the following reasons: (i) the impact of COVID-19 which has reduced the traffic of people to the sales venue due to crowd-control measures; (ii) the adaption period for the initial launch of the provision of new services; and (iii) seasonal factors in real estate industry.

Implications under the Listing Rules

Since one or more of the applicable percentage ratios in respect of the proposed aggregated annual caps in respect of the management and related services under the Sales Agency Services Framework Agreement exceed 5% on an annual basis, the transactions contemplated thereunder will be subject to the reporting, annual review, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(E) APPLICATION FOR WAIVER

The transactions described under "– (D) Continuing Connected Transactions subject to Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" above constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement, circular and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As such transactions are expected to be carried out on a continuing basis and to extend over a period

of time, our Directors are of the view that strict compliance with the announcement requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Group.

In respect of such continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement, circular and independent shareholders' approval requirements of the Listing Rules in respect of the transactions described under "– (D) Continuing Connected Transactions subject to Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements", subject to the values of the continuing connected transactions for each financial year not exceeding the relevant amounts set forth in the respective annual caps (as stated above). We will comply with all the applicable requirements under Chapter 14A of the Listing Rules other than the requirements in which we have sought a waiver, and will immediately inform the Stock Exchange if there are any changes to such continuing connected transactions.

(F) DIRECTORS' VIEW

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions described under "– (D) Continuing Connected Transactions subject to Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" above have been entered into, and will be carried out, in the ordinary and usual course of our business, on normal commercial terms or better and in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the non-exempt continuing connected transactions are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

The Directors who have conflicts of interests shall be required to abstain from participation and abstain from voting in the Board meetings at which resolutions in relation to the above continuing connected transactions are discussed.

(G) SOLE SPONSOR'S VIEW

Based on the due diligence findings and the representations and confirmations from our Group, the Sole Sponsor is of the view that the non-exempt continuing connected transactions described above are entered into, and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The Sole Sponsor is also of the view that the proposed annual caps of the non-exempt continuing connected transactions are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our business. It consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information in respect of the members of our Board:

Name	Age	Existing position(s) in our Company	Date of appointment	Time of joining our Group	Roles and responsibilities
SONG Gewei (宋革委)	52	Chairman and Non-executive Director	January 20, 2021	August 2010	Responsible for the overall business direction and strategic planning of our Group
DAI Wei (戴衛)	52	Executive Director and president	January 20, 2021	July 2018	Responsible for the overall management and strategy of our Group
KANG Weiguo (康衛國)	44	Executive Director and executive president	January 20, 2021	August 2010	Responsible for the operational management of our Group
WANG Na (王娜)	40	Executive Director, chief financial officer and joint company secretary	January 20, 2021	December 2017	Responsible for the investment and financial affairs of our Group, and affairs of our Board
LI Haitao (李海濤)	52	Independent non-executive Director	June 17, 2021	June 2021	Responsible for providing independent advice on the operations and management of our Group
FAN Yun (樊耘)	65	Independent non-executive Director	June 17, 2021	June 2021	Responsible for providing independent advice on the operations and management of our Group
WONG, Yun Pun (黃潤濱)	56	Independent non-executive Director	June 17, 2021	June 2021	Responsible for providing independent advice on the operations and management of our Group

Non-executive Director

Mr. SONG Gewei (宋革委), aged 52, was appointed as the Chairman and non-executive Director on January 20, 2021. He has been primarily responsible for overall business direction and strategic planning of our Group since its establishment in August 2010. Mr. Song has about 20 years of experience in the PRC real estate industry.

Prior to joining our Group, Mr. Song has been the president of the Kangqiao Group, a diversified enterprise group which principally engages in the PRC real estate, education, agent construction and culture and tourism businesses, since January 2003 during which he is primarily responsible for the overall business direction and strategic planning of the group.

Mr. Song graduated from Xi'an Jiaotong University in the PRC, where he obtained a master degree of business administration in June 2003. Mr. Song was awarded the "Most Responsible Entrepreneur" (最具責任感企業家) by Henan Housing Industry Association (河南省房地產業商會) in 2020 for combating against COVID-19. Also, he has been the "Honorary Member of Westlake University Board of Trustees" (西湖大學榮譽董事) since 2018. In addition, he was awarded "Forty Years of Reform and Opening Up, Great Development in Central Cities – Meritorious Entrepreneur in Henan Real Estate Industry" ("改革開放四十年中原城市大發展"河南房地產行業功勛企業家) by Henan Province Real Estate Evaluation Centre at Henan Housing Industry Association (河南省房地產業商會河南省房地產測評中心). Moreover, he has been the vice chairman of Henan Housing Industry Association (河南省房地產業商會) since 2005. Also, he was named the "Top Ten Leaders in Central Real Estate" (中原地產十大領袖人物) awarded by the Economic View (經濟觀點報社) in 2005. Furthermore, he was the "Person of the Year in Zhenzhou Real Estate Business" (鄭州房地產業年度人物獎) awarded by the Management Committee of Zhenzhou Real Estate Transaction Center (鄭州市房地產交易中心管理委員會) in 2003.

Executive Directors

Mr. DAI Wei (戴衛), aged 52, was appointed as our executive Director on January 20, 2021 and president in July 2018. Mr. Dai is primarily responsible for the overall management and strategy of our Group. He has over 10 years of experience in property management services.

Prior to joining our Group, Mr. Dai was the general manager at investment and development centre and then the general manager at strategic development centre at Chongqing Huayu Group Co., Ltd. (重慶華宇集團有限公司), a company principally engaged in the PRC real estate business, from January 2018 to July 2018 during which he was mainly responsible for investment and development. Also, Mr. Dai was the president of Chongqing Huayu Savills Property Services Group Co., Ltd. (重慶華宇第一太平戴維斯物業服務集團有限公司), a company principally engaged in the PRC property management service, from January 2017 to October 2017 during which he was mainly responsible for overall strategic operation and management in property management segment of the company. In addition, he was the chairman of Easy Life Smart Community Services Group Co., Ltd. (樂生活智慧社區服務集團

股份有限公司) (formerly quoted on the NEEQ and subsequently delisted on September 4, 2020 (stock code: 837249)), a company principally engaged in the PRC property management service from April 2014 to July 2016 during which he was mainly responsible for the overall management and operation strategy. Furthermore, he was the vice president of Jinghan Real Estate Group Co., Ltd. (京漢置業集團有限責任公司), a company principally engaged in the PRC real estate business, from July 2010 to April 2014, during which he was mainly responsible for the human resources management, legal affairs, customer services and property management. In addition, he was the deputy general manager of Hiersun Xili industrial Co., Ltd. (恒信璽利實業股份有限公司), a company principally engaged in the design and sales of jewelry, from January 2005 to December 2009 during which he was mainly responsible for the human resources management and operation.

Mr. Dai Wei obtained a master degree in business administration from Murdoch University in Australia in January 2002.

Mr. KANG Weiguo (**康衛國**), aged 44, was appointed as our executive Director and executive president on January 20, 2021 and has been our vice executive general manager since November 28, 2018. Mr. Kang is primarily responsible for the operational management of our Group. He was our vice general manager from January 2016 to November 2018, during which he was mainly responsible for the property service center and early intervention supervision. Also, he was the assistant to our Group's general manager from December 2014 to December 2015, during which he was responsible for the urban project management in the urban area in Zhengzhou. Furthermore, he was the regional general manager when he joined our Group in August 2010, and remained in the position until November 2014, during which he was mainly responsible for projects such as Jinyu Shangjun (金域上郡).

Mr. Kang Weiguo graduated from Zhenzhou University (鄭州大學) in the PRC in July 1999, where he obtained a post-secondary certificate of civil engineering. Also, he obtained the qualification of assistant engineer in building issued by the People's Government of Guancheng Hui District, Zhengzhou City (鄭州市管城回族區人民政府) since December 2010.

Ms. WANG Na (**王娜**), aged 40, was appointed as our executive Director and joint company secretary on January 20, 2021 and has been our chief financial officer since December 10, 2017. Ms. Wang is primarily responsible for the investment and financial management affairs of our Group and the affairs of our Board.

Prior to joining our Group, she was the chief financial officer at Zhengzhou Kangqiao Real Estate Development Co., Ltd. (鄭州康橋房地產開發有限責任公司), a company principally engaged in the PRC real estate business, from September 2013 to December 2017, during which she was mainly responsible for the investment and financial affairs of the company. Also, she was the finance manager at Zhengzhou Xinxing Real Estate Co., Ltd. (鄭州新興置業有限公司), a company principally engaged in the PRC real estate business, from 2008 to September 2013, during which she was mainly responsible for the overall financial management of the company. Also, she was the vice finance manager at Henan Century Great

Wall Real Estate Co., Ltd. (鄭州世紀長城置業有限公司), a company principally engaged in the PRC real estate business from December 2005 to November 2018 during which she was mainly responsible for the financial affairs of the company.

Ms. Wang Na graduated from Zhenzhou University (鄭州大學) in the PRC, where she obtained a bachelor degree of management (major in accounting) in June 2003. Also, she obtained the qualification of intermediate accounting issued by the Finance Department of the People's Republic of China (中華人民共和國財政部) since May 2005.

Independent Non-executive Directors

Dr. LI Haitao (李海濤), aged 52, was appointed as an independent non-executive Director on June 17, 2021.

Dr. Li has extensive teaching and research experience in theoretical and empirical asset pricing, term structure of interest rates, hedge funds, and financial econometrics and he has extensive research experience in the area of hedging, derivatives and risk management. His Ph.D dissertation at Yale University deals with risk management issues related to swaps. Dr. Li's research papers and articles have been published in numerous financial and economic journals, including the Journal of Finance,the Journal of Financial Economics, the Review of Finance Studies, the Journal of Econometrics. In addition, Dr. Li has many years of teaching experience in the United States. He worked at the University of Michigan from 2005 to 2013 and was the Jack D. Sparks Whirlpool Corporation Research Professor in the Finance Department of the Stephen M. Ross School of Business at the University of Michigan. Dr. Li is currently appointed as the Dean's Distinguished Chair Professor of Finance and Associate Dean of MBA Program at the Cheung Kong Graduate School of Business since March 2013.

Furthermore, he has been an independent non-executive director and the chairman of the remuneration committee of China Sliver Group Limited since December 2012, a company listed on the Main Board of the Stock Exchange (stock code: 815), which principally engaged in sliver, gold and precious metals businesses in the PRC. In addition, he has been an independent director of Shanxi Securities Co., Ltd. (山西證券股份有限公司) since December 2020, a company listed on the Shenzhen Stock Exchange (stock code: 002500), which principally engaged in securities businesses in the PRC. Also, he has been an independent director of Horizon Asset Management Co., Ltd. (匯安基金管理有限責任公司) since April 2016, which is principally engaged in securities businesses in the PRC.

Dr. Li undertook the Ph.D program in geophysics at Yale University in the United States between 1991 and 1992. He received his Ph.D in finance from Yale University in the United States in 1998.

Dr. FAN Yun (樊耘), aged 65, was appointed as an independent non-executive Director on June 17, 2021. Since November 1987, she has served as a lecturer, associate professor, and was subsequently promoted to professor at Xi'an Jiaotong University in June 2001. Also, she has been an independent director of Soarle Technology Co., Ltd. (四聯智能技術股份有限公司)

from June 2014 to May 2017, a company listed on the New Over the Counter Market (stock code: 430758), which principally engaged in construction intelligence businesses in the PRC. From November 2012 to October 2018, she was an independent director of Autobio Diagnostics Co., Ltd. (鄭州安圖生物工程股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603658), which is principally engaged in biological technology businesses in the PRC.

Dr. Fan studied in the Department of Industrial Economics at Xi'an University of Technology in the PRC (formerly known as Shaanxi Institute of Mechanical Engineering) and obtained a bachelor degree of engineering in July 1982. She received his Ph.D in management science and engineering from Xi'an Jiaotong University in the PRC in May 2002.

Mr. WONG, Yun Pun (黃潤濱), aged 56, was appointed as an independent non-executive Director on June 17, 2021. From August 1989 to April 1992, Mr. Wong worked as an auditor at PricewaterhouseCoopers. He served at Duty Free Shoppers as a budgeting and planning manager from April 1992 to August 1998. Mr. Wong served at Nielsen's Hong Kong office (formerly known as AC Nielsen (China)), a leading worldwide research company on consumer market, as senior finance manager from August 1998 to August 2000. Also, Mr. Wong served as a finance manager at Icon Medialab Limited from July 2000 to October 2001. From March 2002, Mr. Wong served as associate director at JAFCO Asia which is the Asian arm of JAFCO, established in early 1990, one of the leading venture capital firm in the region, where he was mainly responsible for managing the finance and administration matters. After which, he served as the chief finance officer of Natixis Private Equity Asia Limited, which is the private equity arm of Natixis, a subsidiary of Group BPCE, a French multinational financial services firm, from November 2006 where he was mainly responsible for financial matter, tax planning and treasury, and corporate governance. Mr. Wong then worked at Spring Capital Asia Limited, a company principally engaged in investments on cleantech, healthcare and consumer transactions until June 2011. And from January 2012 to July 2015, Mr. Wong served as the chief financial officer and executive director respectively of Tsing Capital, the first General Partner focus on environment and cleantech investments, where he was mainly responsible for fund, finance and compliance matters. From August 2015, Mr. Wong served as the chief financial officer at Lokin Holdings Limited, a thermal management solution provider based in Hong Kong, for about two years. From August 2018 to December 2020, Mr. Wong served as a director and chief financial officer of Tottenham Acquisition I Limited (subsequently merged with Clene Nanomedicine, Inc., a pharmaceutical company listed on NASDAQ: CLNN), mainly responsible for listing and financial matters. Since September 2017, Mr. Wong served as managing director of Chronos Capital Limited, where he was mainly responsible for fund raising and financial advisory.

Mr. Wong was a director of the following dissolved private companies in Hong Kong. The relevant details are set forth as follows:

Name of company	Place of incorporation	Date of dissolution	Means of dissolution	Reasons of dissolution
Solis AgriSystem Limited	Hong Kong	August 31, 2018	Deregistration pursuant to section 750 of the Companies Ordinance	Cessation of business
Solis AgriTech Limited	Hong Kong	March 27, 2020	Deregistration pursuant to section 750 of the Companies Ordinance	Cessation of business

Note: Under section 750 of the Companies Ordinance, an application for deregistration must not be made unless at the time of the application: (a) all members of the company agree to such deregistration; (b) the company has not commenced business or operation, or has not been in operation or carried on business during the three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's assets do not consist of any immovable property situate in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong

Mr. Wong obtained a professional diploma in Company secretaryship and Administration in from Hong Kong Polytechnic (香港理工學院) (currently known as The Hong Kong Polytechnic University (香港理工大學)) in November 1989. He then obtained a master's degree in business electronic commerce from Curtin University in Australia in 2003. Mr. Wong is an associate of Hong Kong Institute of Certified Public Accountants ("**HKICPA**") since January 1996 and a fellow of HKICPA since October 2003.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The following table sets forth certain information regarding the members of our senior management.

Name	Age	Position(s) in our Company	Time of joining our Group	Roles and responsibilities
DAI Wei (戴衛)	52	Executive Director and president	July 2018	Responsible for the overall management and strategy of our Group
KANG Weiguo (康衛國)	44	Executive Director and executive president	August 2010	Responsible for the operational management of our Group
WANG Na (王娜)	40	Executive Director, chief financial officer and joint company secretary	December 2017	Responsible for the investment and financial affairs of our Group and affairs of our Board
JIA Yifa (賈以法)	48	Chief economist	August 2010	Responsible for community development
LI Zhi Gang (李志剛)	36	Vice general manager	January 2017	Responsible for the human resources, information management and value-added innovation of our Group

* *For the business address of the senior management, please refer to the address of our corporate headquarters in the section headed "Corporate Information" in this prospectus.*

Mr. DAI Wei (**戴衛**), aged 52, was appointed as our executive Director on January 20, 2021 and president in July 2018. Please refer to the subsection headed "– Board of Directors" above for details of his biography.

Mr. KANG Weiguo (**康衛國**), aged 44, was appointed as our executive Director and executive president on January 20, 2021 and our vice executive general manager since November 28, 2018. Please refer to the subsection headed "– Board of Directors" above for details of her biography.

Ms. WANG Na (**王娜**), aged 40, was appointed as our executive Director and joint company secretary on January 20, 2021. She had been our chief financial officer since December 10, 2017. Please refer to the subsection headed "– Board of Directors" above for details of her biography.

Mr. JIA Yifa (**賈以法**), aged 48, has been our chief economist since June 2016 and is primarily responsible for community development. He was our financial director from August 2010 to June 2016, during which he was responsible for the financial affairs of our Group.

Prior to joining our Group from August 2008 to July 2010, Mr. Jia was the financial director of the predecessor of our Group, Henan Great Wall Hotel Property Service Co., Ltd. (河南長城飯店物業服務有限責任公司).

Mr. Jia Yifa obtained a post-secondary certificate in industrial accounting from Henan Institute of Finance and Economics (河南財經學院) in the PRC in June 1994.

Mr. LI Zhi Gang (李志剛), aged 36, has been our vice general manager of our Group since January 1, 2017. He is primarily responsible for the human resources, informatization and value-added innovation works, etc.

Prior to joining our Group, Mr. Li served as the chief officer at the human resources department from October 2013 to December 2016 and the assistant manager at the operations department from April 2011 to September 2013 at Zhengzhou Kangqiao Real Estate Development Co., Ltd. (鄭州康橋地產房地產開發有限公司), a company principally engaged in the PRC real estate business, during which he was mainly responsible for the operation of the company, and staff development and human resources works, respectively.

Mr. Li Zhi Gang obtained a maser degree in business administration from Jinan University (暨南大學) in the PRC in June 2009.

JOINT COMPANY SECRETARIES

Ms. WANG Na (王娜) was appointed as the joint company secretary of our Company on January 20, 2021. Please refer to the subsection headed "– Board of Directors" for details of her biography.

Ms. YU Wing Sze (余詠詩) ("**Ms. Yu**") was appointed as the joint company secretary of our Company on January 20, 2021. She is primarily responsible for the overall company secretarial matters of our Group.

Ms. Yu is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators (currently known as The Chartered Governance Institute) in the United Kingdom. She holds a bachelor's degree in Business Administration from the Chinese University of Hong Kong. She has over 10 years of working experience in company secretarial profession. She is now working in TMF Hong Kong Limited, a leading global professional firm.

DIRECTORS' AND SENIOR MANAGEMENT'S INTEREST

Save as disclosed above, each of our Directors and the members of our senior management (i) had no other relationship with any Directors or members of our senior management as of the Latest Practicable Date; and (ii) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. See "Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders" in Appendix IV to this prospectus for further information about our Directors, including the particulars of their service contracts or letters of appointment and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed above, there are no other matters in respect of each of our Directors and the members of our senior management that are required to be disclosed pursuant to Rule 13.51 (2)(h) to (v) or paragraph 41(3) of Appendix 1A of the Listing Rules and there are no other material matters relating to our Directors and the members of our senior management that need to be brought to the attention of our Shareholders.

BOARD COMMITTEES

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely Mr. WONG Yun Pun, Ms. FAN Yun and Mr. SONG Gewei. Mr. WONG Yun Pun has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director who possesses the appropriate professional accounting and related financial management expertise. The primary duties of the

Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of our Group, oversee the audit process, provide advice and comments to our Board, perform other duties and responsibilities as may be assigned by our Board, and review and oversee the risk management of our Company.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. LI Haitao, Ms. WANG Na and Ms. FAN Yun. Mr. LI Haitao, our independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish, review and make recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management, and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. SONG Gewei, Ms. FAN Yun and Mr. LI Haitao. Mr. SONG Gewei, our non-executive Director, has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board, identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, ensure the diversity of our Board members, assess the independence of our independent non-executive Directors, and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Board has adopted written terms of reference with respect to its corporate governance functions which include, among others, (i) developing and reviewing our Company's policies and practices on corporate governance and making recommendations to our Board; (ii) reviewing and monitoring the training and continuing professional development of Directors and members of senior management; (iii) reviewing and monitoring our Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing,

reviewing and monitoring the code of conduct and compliance manual (if any) applicable to our Directors and employees; and (v) reviewing our Company's compliance with the code and disclosure requirements as set out in the corporate governance report.

Our Directors recognize the importance of incorporating elements of good corporate governance in management and internal control procedures so as to achieve effective accountability. Our Company has adopted a system of corporate governance and we expect to comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and the associated Listing Rules after the Listing.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy, which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, ethnicity and length of service. The ultimate decision on an appointment will be based on merit as to the contribution that the selected candidates will bring to our Board.

Our Directors have an appropriate mix of gender, knowledge and skills, including overall management and strategic development, economics, accounting and financial management and corporate governance. They obtained degrees in various majors including but not limited to accountancy, business administration and engineering. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a wide range of age, ranging from 40 years old to 64 years old. We have also taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation, on our Board. In particular, upon Listing, two of our seven board members are female. Taking into account our existing business model and specific needs, as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness. We will disclose in our corporate governance report information about the implementation of the board diversity policy on an annual basis.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management Presence

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see "Waivers from Strict Compliance with the Listing Rules – Management Presence in Hong Kong" in this prospectus.

Qualifications of Joint Company Secretaries

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under and in respect of Rule 3.28 and Rule 8.17 of the Listing Rules in relation to requirements on the qualification of company secretaries. For details of the waiver, see "Waivers from Strict Compliance with the Listing Rules – Appointment of Joint Company Secretaries" in this prospectus.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, bonuses, allowances and other benefits in kind, such as contributions to pension plans.

The aggregate remuneration (including fees, salaries, bonuses, allowances and other benefits in kind, such as contributions to pension plans) of our Directors incurred for each of the three years ended December 31, 2018, 2019 and 2020, was approximately RMB1.95 million, RMB2.73 million and RMB2.71 million, respectively.

The aggregate remuneration (including fees, salaries, bonuses, allowances and other benefits in kind, such as contributions to pension plans) of our Group's five highest-paid individuals (including our Directors) incurred for each of the three years ended December 31, 2018, 2019 and 2020, was approximately RMB3.09 million, RMB4.37 million and RMB4.03 million, respectively.

There was no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors or the five highest-paid individuals for each of the Track Record Periods for the loss of any office in connection with the management of the affairs of any members of our Group.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind, but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2021, is estimated to be approximately RMB2.94 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the Remuneration Committee, which will take into account salaries paid by comparable companies, time commitment, responsibilities of our Directors and performance of our Group. The Company plans to formulate employee incentive schemes, such as share options or restricted shares in the future to further promote our senior management contribution and career development, but so far no such schemes have been adopted.

Save as disclosed above, no other payments have been made, or are payable, by any member of our Group to our Directors during the Track Record Period. For additional information on our Directors' remuneration during the Track Record Period, as well as information on our Group's five highest-paid individuals, see Note 9 to the Accountant's Report set out in Appendix I to this prospectus.

COMPLIANCE ADVISOR

We have 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 us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or when our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

So far as our Directors are aware, immediately following the Capitalization Issue and the completion of the Global Offering, the following persons will have or be deemed or taken to have an interest and/or a short position in Shares, which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Shares held immediately following the Capitalization Issue and the completion of the Global Offering (assuming the Over-allotment Option is not exercised)[1]		Shares held immediately following the Capitalization Issue and the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)[1]	
Name	**Nature of interest**	**Number**	**Approximate Percentage**	**Number**	**Approximate Percentage**	**Number**	**Approximate Percentage**
Mr. Song[2]	Founder of a discretionary trust, Interest in a controlled corporation	190	95.0%	498,750,000	71.25%	498,750,000	68.67%
Hung Fai Property Limited[2]	Interest in a controlled corporation	190	95.0%	498,750,000	71.25%	498,750,000	68.67%
Kangqiaoyue Shenghuo BVI[2]	Beneficial owner	190	95.0%	498,750,000	71.25%	498,750,000	68.67%
Trident Trust Company (South Dakota) Inc.[2]	Trustee	190	95.0%	498,750,000	71.25%	498,750,000	68.67%
Ms. Dong Yanxia[3]	Interest of spouse	190	95.0%	498,750,000	71.25%	498,750,000	68.67%

Notes:

(1) All interests stated are long positions.

(2) The entire share capital of Kangqiaoyue Shenghuo BVI is wholly owned by Hung Fai Property Limited. The Eternity Trust is a discretionary trust set up by Mr. Song as the settlor on November 10, 2020 for the benefit of Kangqiao Taichen BVI (a limited company incorporated in the BVI wholly owned by Mr. Song) and his family members with Trident Trust acting as the trustee. Mr. Song (as the founder of the Eternity Trust) and Trident Trust are taken to be interested in the Shares held by Kangqiaoyue Shenghuo BVI under the SFO.

(3) Ms. Dong Yanxia is the spouse of Mr. Song and is therefore deemed to be interested in the Shares in which Mr. Song is interested by virtue of the SFO.

Save as disclosed above and in "Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – 2. Substantial Shareholders" in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the Capitalization Issue and the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

SHARE CAPITAL

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 prior to and following the Capitalization Issue and the completion of the Global Offering:

Authorized Share Capital		**Aggregate par value**
1,000,000,000	Shares of HK$0.01 each	HK$10,000,000
Issued and to be issued, fully paid or credited as fully paid:		*HK$*
200	Shares in issue as of the date of this prospectus	2
524,999,800	Shares to be issued pursuant to the Capitalization Issue	5,249,998
175,000,000	Shares to be issued under the Global Offering	1,750,000
700,000,000	Total	7,000,000

ASSUMPTION

The above table assumes that the Global Offering has become unconditional. It takes no account of any Shares (i) which may be issued pursuant to the exercise of the Over-allotment Option; or (ii) which may be allotted and repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKING

The Shares are ordinary Shares in the share capital of our Company and rank *pari passu* in all respects with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus (save for entitlements to the Capitalization Issue).

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

Our Company has only one class of Shares, namely ordinary shares, each of which ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and the Articles of Association, our Company may from time to time by shareholders' ordinary resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by Shareholders' special resolution. For more details, see "Summary of the Constitution of the Company – 2. Articles of Association – 2.5 Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to our Share or any class of Shares may be varied, modified or abrogated, either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. For more details, see "Summary of the Constitution of the Company – 2. Articles of Association – 2.4 Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandates, see "Statutory and General Information – A. Further Information About Our Company and Our Subsidiaries – 3. Resolutions in writing of our Shareholders passed on June 17, 2021" and "Statutory and General Information – A. Further Information About Our Company and Our Subsidiaries – 7. Repurchase of Our Securities by Our Company" in Appendix IV to this prospectus.

You should read the following discussion and analysis in conjunction with our combined financial information set forth in the Accountant's Report included as Appendix I to this prospectus. Our combined financial information has been prepared in accordance with HKFRS.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections entitled "Risk Factors" and "Forward-looking Statements" in this prospectus.

OVERVIEW

We are a reputable comprehensive property management service provider in the PRC, with a leading position in Henan Province. We were recognized by CIA as the Leading Brand of Property Management Services in Central China (中國華中區域物業服務領先品牌) for 2019 and 2020. According to CIA, we ranked second among the Top 100 Property Management Companies headquartered in Henan Province in terms of GFA under management as of December 31, 2020. In addition, we are recognized as one of the Top 100 Property Management Companies by CIA for six consecutive years since 2016 and ranked 37th among the 2021 Top 100 Property Management Companies in terms of overall strength.

We have been providing quality property management services in China for more than ten years. As of December 31, 2020, we were contracted to provide property management services to 238 properties covering 28 cities across 8 provinces in China, with a contracted GFA of approximately 39.0 million sq.m., and we had 112 properties under management with a total GFA under management of approximately 15.7 million sq.m. We also provide a wide range of value-added services to non-property owners and community value-added services to property owners and residents.

We have achieved rapid growth during the Track Record Period. Our net profit continued to grow by 52.6% from RMB60.1 million in 2019 to RMB91.8 million in 2020. Our revenue increased by 58.5% from RMB228.9 million in 2018 to RMB362.8 million in 2019, and further increased to RMB575.6 million in 2020.

BASIS OF PRESENTATION AND PREPARATION

Immediately prior to and after the Reorganization, our business is conducted through our subsidiaries, which are ultimately controlled and held by Mr. Song. Pursuant to the Reorganization, our business is transferred to and held by the Company. The 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 recapitalization of our business with no change in management of such business and the ultimate controlling shareholder of our business remain the same. Accordingly, the Group resulting from the Reorganization is regarded as a continuation of our business under our subsidiaries, and the historical financial information of the Group for the Track Record Period has been prepared and presented as a continuation of the combined financial statements of our subsidiaries, with the assets and liabilities of the Group recognized and measured at the carrying amounts of our business under the combined financial statements of our subsidiaries for all periods presented.

Companies acquired from or disposed to third parties during each of the years ended December 31, 2018 and 2019 and 2020 are included in or excluded from the combined financial statements of the Group from the respective date of the acquisition or disposal. The historical financial information of the Group has been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. 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 results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Ability to Respond to Regulatory and Market Conditions of the Property Development and Property Management Industries

Our business and results of operations are affected by our ability to obtain new property management service engagements from property developers for their new property development projects. The number of new property development projects is dependent on the performance of the real estate market in China, which is subject to the general economic conditions in China, the rate of urbanization and, consequently, the demand for properties in the PRC. Any economic downturn in the PRC could adversely affect our business, results of operations and financial position. The regulatory environment in the PRC and policies and measures taken by the PRC Government have also affected the development of the real estate market and property management market, which in turn affects our business and results of operations. See "Risk Factors – Risks Relating to Doing Business in the PRC – The economic, political and social conditions in China, as well as government policies, laws and regulations, could affect our business, financial condition and results of operations." in this Prospectus.

The PRC Government has issued a series of favorable laws and policies to incentivize the development of the property management industry, which have encouraged property management companies like us to expand and modernize their business and have fostered the growth and development of the industry. See "Industry Overview – The Property Management Industry in the PRC – Industry Growth Drivers – Favorable Policies" in this prospectus. However, we cannot guarantee that the PRC Government will continue to issue favorable laws, regulations and policies. Moreover, we cannot guarantee that the PRC Government will not suspend or terminate the current favorable laws, regulations and policies, or that the PRC Government will not introduce laws or policies that directly or indirectly discourage the development of the property management industry. Any such changes in the PRC governmental policies may adversely affect our business.

GFA Under Management

During the Track Record Period, a significant portion of our revenue was generated from our property management services, which contributed 57.9%, 48.7% and 44.3% to our total revenue for the years ended December 31, 2018, 2019 and 2020, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to renew existing service contracts and secure new service contracts. During the Track Record Period, we experienced a steady growth in our total GFA under management, which was 8.7 million sq.m., 12.2 million sq.m. and 15.7 million sq.m., as of December 31, 2018, 2019 and 2020, respectively.

During the Track Record Period, more than a half of properties we managed were developed by third-party property developers independent of Kangqiao Group. We have devoted great efforts to expand our property management services to also cover properties developed by third party property developers, aiming to expand additional sources of revenue and diversify our portfolio of property management service. The percentage of the GFA under management of the properties developed by third party property developers to the total GFA under management was 62.2%, 60.1% and 62.5% as of December 31, 2018, 2019 and 2020, respectively. As of the same dates, properties developed by Kangqiao Group accounted for 37.8%, 39.9% and 37.5%, respectively, of our total GFA under management.

Business Mix

Our business and results of operations are affected by our business mix. Our profit margins vary across different business lines, namely property management services, value-added services to non-property owners and community value-added services. Any change in the structure of revenue contribution from our business lines or change in profit margin of any business line may have a corresponding impact on our overall profit margin. The following tables set out the breakdowns of our gross profit and gross profit margin by business line for the years indicated.

	For the year ended 31 December,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property Management Services	16,516	12.5	25,197	14.2	44,351	17.4
Value-added services to non-property owners	22,990	34.4	47,219	40.3	84,301	35.8
Community value-added services	14,465	48.9	38,620	56.2	47,892	56.2
Total	**53,971**	**23.6**	**111,036**	**30.6**	**176,544**	**30.7**

The gross profit margins for our community value-added services are generally higher than the gross profit margin for our other business lines, in particular, property management services which are relatively more labor-intensive. As a result, our overall gross profit margin increased during the Track Record Period, primarily due to the increasing contribution from our community value-added services. The gross profit margin for property management services increased from 14.2% in 2019 to 17.4% in 2020, mainly attributable to (i) the economies of scale as we expanded the project portfolio under our management, which further caused an increase of our revenue during the Track Record Period; (ii) our continuous investment in information technology to effectively control cost and improve our property management efficiency; and (iii) the increase of our average property management fee driven by the higher proportion of properties in first-tier and second-tier cities and non-residential properties in our mixed project portfolio. The gross profit margin for community value-added services increased from 48.9% in 2018 to 56.2% in 2019, primarily reflecting (i) the expansion of our business, especially asset operation services related to second-hand properties and unsold carparks, which had a higher gross profit margin in 2019 compared to 2018 as a result of the greater economics of scale and effective cost control driven by the implementation of standardized operation system, and (ii) our effective cost management through improving intelligent devices and management systems, such as our upgrade of parking systems in 2019

to reduce staff cost and drive the increase of profit margin. The gross profit margin for value-added services to non-property owners decreased from 40.3% in 2019 to 35.8% in 2020, as we set relatively competitive fee rates on sales agency services relating to first-hand properties, which we started to vigorously develop in August 2020, in order to expand our market share in this business line.

We strive to maintain or improve our overall gross profit margin in the long term as (i) we endeavor to increase the prices we charge for our services, (ii) we seek to control our cost of services through our efforts in standardization, digitization and smart management, and (iii) we continue to expand our value-added services, in particular, our community value-added services. For more details regarding the fluctuation in our gross margins during the Track Record Period, please see "– Description of Certain Combined Statements of Comprehensive Income Items – Gross Profit and Gross Profit Margin".

Branding and Pricing Ability

We generally price our services by taking into account a number of factors, including (i) the types and locations of the properties, (ii) our budgeted expenses, (iii) our targeted profit margins, (iv) the profiles of property owners and residents, (v) the scope and quality of our services, and (vi) the local government's policy and pricing guidance. We strive to achieve a balance between pricing our projects competitively while maintaining our brand image as a quality property management service provider and ensuring an attractive profit margin. Failure to balance various factors in determining our pricing could materially and adversely affect our financial condition and results of operations.

For illustration purposes only, we set forth below a sensitivity analysis of our profit for the years with reference to the fluctuations of average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in the average property management fees on our revenue and profit, while all other factors remain unchanged.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Average property management fees	1.78	1.95	2.00
Revenue from property management services	132,575	176,839	254,956
Total profit for the year	21,707	60,147	91,784
Assuming 5% decrease in our average property management fees			
Increase/(decrease) in revenue from our property management business	(6,629)	(8,842)	(12,748)

	For the year ended December 31,		
	2018	2019	2020
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Increase/(decrease) in profit for the year	(4,972)	(6,632)	(9,561)
Assuming 10% decrease in our average property management fees			
Increase/(decrease) in revenue from our property management business	(13,258)	(17,684)	(25,496)
Increase/(decrease) in profit for the year	(9,944)	(13,263)	(19,122)

Notes:

(1) Increase/(decrease) in profit for the year was calculated assuming an EIT of 25%.

We strive to maintain or raise our property management fee rates when renewing the expiring property management service contracts to maintain or improve our profit margin in response to the enhancements to the standard or scope of our property management services and increases in our costs. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our brand recognition and industry position.

Ability to Mitigate the Impact of Rising Employee Benefit Expenses and Labor Costs as well as Sub-contracting Costs

Since our property management services are labor-intensive, employee benefit expenses and labor costs constitute a substantial portion of our cost of sales. During the Track Record Period, our employee benefit expenses and labor costs increased continuously as a result of the expansion of our operation scale and increases in the minimum wage and the market price for labor. In 2018, 2019 and 2020, our employee benefit expenses and labor costs included in cost of sales amounted to RMB123.0 million, RMB167.1 million and RMB244.0 million, representing 70.2%, 66.3% and 61.1%, respectively, of our total cost of sales for the same years. To mitigate the impact of rising employee benefit expenses and labor costs, we have implemented a series of cost-effective measures, including management standardization, digitalization and operation automation to reduce our reliance on manual labor. For details, please refer to the section entitled "Business – Standardized Operation and Smart Management" in this prospectus. We have also outsourced certain services, such as sales agency, cleaning, greening, security, maintenance and customer services, to third-party sub-contractors while maintaining close supervision of their services to ensure service quality. In 2018, 2019 and 2020, our subcontracting costs amounted to RMB11.6 million, RMB33.6 million and RMB91.3 million, representing 6.7%, 13.4% and 22.9% of our cost of sales, respectively, for the same periods.

For illustration purposes only, we set out a sensitivity analysis of our cost of sales and profit for the years indicated with reference to the fluctuation of employee benefit expenses and labor costs and subcontracting costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in employee benefit expenses and labor costs on our cost of sales and profit for the year, while all other factors remain unchanged.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total profit for the year	21,707	60,147	91,784
Employee benefit expenses and labor cost in cost of sales	123,005	167,088	243,951
Subcontracting costs in cost of sales	11,642	33,630	91,334
Assuming 5% increase in our employee benefit expenses and labor costs and subcontracting costs in cost of sales			
Increase/(decrease) in cost of sales	6,732	10,036	16,764
Increase/(decrease) in profit for the year	(5,049)	(7,527)	(12,573)
Assuming 10% increase in our employee benefit expenses and labor costs and subcontracting costs in cost of sales			
Increase/(decrease) in cost of sales	13,465	20,072	33,529
Increase/(decrease) in profit for the year	(10,098)	(15,054)	(25,146)

Notes:

(1) Increase/(decrease) in profit for the year was calculated assuming an EIT of 25%.

Competition

Our industry is highly competitive and fragmented, and we compete with other property management services providers on a number of aspects, including business scale, brand recognition, profitability, financial resources and adequacy of financing, price, diversity of services and service quality. We were ranked 37th by CIA among the Top 100 Property Management Companies in China in terms of overall strength in 2021. Our ability to compete effectively with our competitors and maintain or improve our market position depends on our ability to solidify our competitive strengths. If we are unable to effectively compete with market players, maintain or increase our market share, our revenue and profitability may be adversely impacted. For more details about the industry and markets that we operate in, see

"Industry Overview" and "Risk Factors – Risks Relating to Our Business and Industry – We operate in a highly competitive industry with numerous competitors and we may not be able to compete successfully against our competitors."

CERTAIN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGMENTS

Significant Accounting Policies

We have identified certain accounting policies that we believe are most significant to the preparation of our combined financial statements. Some of our significant accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in details in Note 2 to the Accountant's Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of significant accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in future years, and as a result, actual results could differ from those estimates.

Revenue Recognition

We provide property management services, value-added services to non-property owners and community value-added services. Revenue is recognized in the accounting period in which the services are rendered. Depending on the terms of the contracts and the laws that apply to the contracts, services may be recognized over time or at a point in time.

- For property management services, we bill a fixed amount for services provided on a monthly basis and recognize as revenue the amount that we have a right to bill and that corresponds directly with the value of performance completed. We primarily generate revenue from property management services income from properties managed under lump-sum basis. We entitle to revenue at the value of the property management services fee received or receivable.

- Value-added services to non-property owners mainly include (i) sales office 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 bill and that corresponds directly with the value of performance completed; (ii) pre-delivery services providing designing, construction management planning, property inspection and pre-delivery advices to property developers which are

recognised as revenue at a point in time when such services are rendered and accepted by the customer; (iii) sales agency services provided to property developers to facilitate the selling of properties which are recognised as revenue at a point in time when such services are rendered; (iv) construction site management services provided to property developers to safeguard the construction site which are recognised as revenue over time when such service are rendered; and (v) consultancy services provided to other property management companies which are recognised as revenue when such services are rendered and accepted by the customer.

- Community value-added services revenue mainly include (i) income from the provision of second-hand property transaction assistance services for property owners, which is recognized on a net basis when the sales or rental contracts are signed; (ii) rental income from sub-lease of carparks and other spaces leased from property developers recognized on straight line basis over the lease period; (iii) sales agency income for assisting in selling the rights of carpark spaces owned by property developers, which are recognized when the underlying sales contracts are signed, and (iv) revenue from other community convenience services recognized when the relevant services are rendered.

If a contract contains multiple services, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, we present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment.

Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized as "income tax expenses" in the combined statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. The deferred income tax is 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 balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible Assets

Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment test for goodwill from acquisition of Zhejiang Lansheng

By reference to the recoverable amount assessed by an independent valuer as at December 13, 2019 (the acquisition date), our Directors determined that no impairment provision on goodwill was required as of December 31, 2019. As of December 31, 2020, we performed an impairment assessment on the goodwill. The recoverable amounts of the property management business operated by Zhejiang Lansheng has been assessed by the management and determined based on value-in-use ("VIU") calculation. The calculation used cash flow projections based on financial budgets covering a five-year period approved by management.

The following table sets forth the key assumptions applied in preparing cash flow projection for the purpose of goodwill impairment test as of December 31, 2020:

	Zhejiang Lansheng
Compound annual growth rate of revenue during the projection period (%)	6.2%
Gross margin during the projection period (%)	33.6%
Terminal growth rate (%)	3.0%
Pre-tax discount rate (%)	23.5%

According to the result of the impairment testing, the estimated recoverable amounts of CGU exceed their carrying amount (i.e. the headroom) by RMB3,371,000.

We have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as of December 31, 2020:

	Zhejiang Lansheng
As of December 31, 2020	
Annual revenue growth rate	-5.7%
Pre-tax discount rate	4.3%

Except for the above changes, the Directors considered that there is no other reasonably possible change in key parameters would cause the carrying amount of the CGU to exceed its recoverable amount, and determined that no impairment provision on goodwill was required as of December 31, 2020.

Impairment test for goodwill from acquisition of Zhengzhou Zhengran and Zhengzhou Jixiang

As of December 31,2020, we performed an impairment assessment on the goodwill arose from acquisitions of Zhengzhou Zhengran and Zhengzhou Jixiang as one group of CGUs since they are managed by the same decision-making team. The recoverable amounts of the property management business operated by Zhengzhou Zhengran and Zhengzhou Jixiang has been assessed by an independent valuer and determined based on VIU calculation. The calculation used cash flow projections based on financial budgets covering a five-year period approved by management.

The following table sets forth the key assumptions applied in preparing cash flow projection for the purpose of goodwill impairment test as of December 31, 2020:

	Zhengzhou Zhengran and Zhengzhou Jixiang
Compound annual growth rate of revenue during the projection period (%)	3.5%
Gross margin during the projection period (%)	22.2%
Terminal growth rate (%	3.0%
Pre-tax discount rate (%)	20.7%

According to the result of the impairment testing, the estimated recoverable amounts of the group of CGUs exceed their carrying amount (i.e. the headroom) by RMB567,000.

We have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as of December 31, 2020:

	Zhengzhou Zhengran and Zhengzhou Jixiang
As of December 31, 2020	
Annual revenue growth rate	-1.4%
Pre-tax discount rate	4.5%

Except for the above changes, our Directors considered that there is no other reasonably possible change in key parameters would cause the carrying amount of the group of CGUs to exceed its recoverable amount. By reference to the recoverable amount assessed by the independent valuer as of December 31, 2020, the Directors determined that no impairment provision on goodwill was required as of December 31, 2020.

For further details, see Note 15 to the Accountant's Report included in Appendix I to this prospectus.

Computer Software

Acquired computer software programs are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

Customer Relationships and backlog

Customer relationships and backlog acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations and backlog have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of 120 to 156 months for the customer relationships and backlog.

Financial Assets

Classification

We classify our financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. 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 we have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

We reclassify debt investments when and only when our business model for managing those assets changes.

Recognition and Measurement

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which we commit to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and we have transferred substantially all the risks and rewards of ownership.

At initial recognition, we measure 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 our business model for managing the asset and the cash flow characteristics of the asset. We only hold debt instruments classified as financial assets at amortized costs.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the combined statement of comprehensive income when the asset is derecognized or impaired.

Impairment

We assess on a forward looking basis the expected credit losses associated with our assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 to the Accountant's Report details how we determine 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, we apply the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of 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 analyzed.

Impairment on other receivables is 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.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the combined balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities 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.

Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (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.

DESCRIPTION OF CERTAIN COMBINED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our combined statements of comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**228,946**	**362,840**	**575,585**
Cost of sales	(174,975)	(251,804)	(399,041)
Gross profit	**53,971**	**111,036**	**176,544**
Administrative expenses	(18,389)	(19,952)	(39,753)
Selling and marketing expenses	(5,675)	(9,449)	(10,778)
Net impairment losses on financial assets	(1,747)	(1,665)	(2,701)
Other income	3,345	5,917	21,344
Other (losses)/gains – net	(37)	–	1
Operating profit	**31,468**	**85,887**	**144,657**
Finance income	1,048	293	414
Finance costs	(3,524)	(5,806)	(21,113)
Finance costs – net	(2,476)	(5,513)	(20,699)
Share of loss of investments accounted for using the equity method	–	–	(57)
Profit before income tax	**28,992**	**80,374**	**123,901**
Income tax expenses	(7,285)	(20,227)	(32,117)
Profit for the year	**21,707**	**60,147**	**91,784**
Profit attributable to:			
– Owners of the Company	21,813	60,179	88,383
– Non-controlling interests	(106)	(32)	3,401
	21,707	**60,147**	**91,784**

Revenue

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

(i) *property management services*, primarily including security, cleaning, greening, gardening, repairs and maintenance services, representing 57.9%, 48.7% and 44.3%, respectively, of our total revenue for the years ended December 31, 2018, 2019 and 2020;

(ii) *value-added services to non-property owners*, primarily including sales office management services, pre-delivery services, sales agency services, construction site management services and consultancy services, representing 29.2%, 32.3% and 40.9%, respectively, of our total revenue for the years ended December 31, 2018, 2019 and 2020; and

(iii) *community value-added services*, primarily including home-living services, community operation services and asset operation services, representing 12.9%, 19.0% and 14.8%, respectively, of our total revenue for the years ended December 31, 2018, 2019 and 2020.

During the Track Record Period, our revenue experienced a significant increase from RMB228.9 million in 2018 to RMB575.6 million in 2020, primarily due to (i) the continuous increase in the total GFA under management and the average property management fees resulting from our business expansion through organic growth and acquisition. In 2018, 2019 and 2020, our total GFA under management was 8.7 million sq.m. 12.2 million sq.m. and 15.7 million sq.m., respectively, and our average property management fee per month per sq.m. was RMB1.78, RMB1.95 and RMB2.00, respectively; (ii) the growth of our community value-added services mainly driven by an increase in our asset operation services to help property developers to sell their unsold carparks, which started in late 2018 and continued to grow in 2019 and 2020; and (iii) the increase in revenue from our value-added services to non-property owners as a result of an increase in sales office management services, pre-delivery services and sales agency services, which was further attributable to the increased number of properties where we provided relevant services and the fact that we started to vigorously develop sales agency services relating to first-hand properties in August 2020.

Revenue from Property Management Services

Revenue from property management services continuously increased during the Track Record Period, primarily driven by the increases in the total GFA under management and the average property management fees as a result of our successful business expansion through organic growth as well as acquisition. Our total GFA under management increased from 8.7 million sq.m. as of December 31, 2018 to 12.2 million sq.m. as of December 31, 2019, and further to 15.7 million sq.m. as of December 31, 2020.

Revenue from Property Management Services by Revenue Model

During the Track Record Period, we recognized property management fees as revenue on a lump-sum basis for substantially all of the properties under our management. We also recognized property management fees for a small portion of properties we managed 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 revenue from property management services.

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*
	(in thousands, except for percentages)								
Lump-sum basis	8,728	132,575	100.0	12,225	176,832	100.0	15,692	254,668	99.9
Commission basis	–	–	–	24	7	0.0	24	288	0.1
Total	**8,728**	**132,575**	**100.0**	**12,249**	**176,839**	**100.0**	**15,716**	**254,956**	**100.0**

Revenue from Property Management Services by Type of Properties

During the Track Record Period, a majority of our revenue from property management services was derived from the property management services for residential properties, which accounted for 91.6%, 92.1% and 89.4%, respectively, of our total revenue from property management services for the years ended December 31, 2018, 2019 and 2020. Revenue from residential property management services as a percentage of our total revenue from our property management services decreased from 92.1% in 2019 to 89.4% in 2020, primarily due to the fast growth of the revenue from non-residential properties, which was further attributable to the increased number of non-residential properties under management in Hangzhou with relatively higher property management fee as a result of our acquisition of Zhejiang Lansheng in late 2019.

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*
	(in thousands, except for percentages)								
Residential properties[(1)]	7,850	121,447	91.6	11,457	162,942	92.1	14,733	227,832	89.4
Non-residential properties[(2)]	878	11,128	8.4	792	13,897	7.9	983	27,124	10.6
Total	**8,728**	**132,575**	**100.0**	**12,249**	**176,839**	**100.0**	**15,716**	**254,956**	**100.0**

Notes:

(1) For the years ended December 31, 2018, 2019 and 2020, the proportion of our revenue generated from residential properties developed by Kangqiao Group to our total revenue generated from residential properties was 58.4%, 55.9% and 56.1%, respectively. The proportion of our revenue generated from residential properties developed by third-party property developers to our total revenue generated from residential properties was 41.6%, 44.1% and 43.9%, respectively, for the same years.

As of December 31, 2018, 2019 and 2020, the proportion of our GFA under management for residential properties developed by Kangqiao Group to our total GFA under management for residential properties was 42.0%, 42.6% and 40.0%, respectively. The proportion of our GFA under management for residential properties developed by third-party property developers to our total GFA under management for residential properties was 58.0%, 57.4% and 60.0%, respectively, as of the same dates.

(2) During the Track Record Period, all non-residential properties we managed were developed by third-party property developers.

Revenue from Property Management Services by Developer of Properties

During the Track Record Period, our revenue derived from property management services for properties developed by Kangqiao Group accounted for 53.5%, 51.5% and 50.2%, respectively, of our total revenue from property management services for the years ended December 31, 2018, 2019 and 2020. The proportion of revenue from property management services for properties developed by Kangqiao Group experienced a gradual decrease during the Track Record Period, as the revenue from property management services for properties developed by third-party property developers increased at a faster pace driven by our efforts to diversify property portfolios and broaden income sources. The revenue generated from properties developed by third-party property developers increased in line with the increase in the relevant GFA under management during the Track Record Period.

The following table sets forth a breakdown of our GFA under management as of the dates indicated, and revenue generated from property management services for properties developed by Kangqiao Group and third-party property developers for the years indicated.

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*
	(in thousands, except for percentages)								
Kangqiao Group[(1)]	3,299	70,951	53.5	4,886	91,151	51.5	5,897	127,913	50.2
Third-party property developers[(2)]	5,429	61,624	46.5	7,363	85,688	48.5	9,819	127,043	49.8
Total	**8,728**	**132,575**	**100.0**	**12,249**	**176,839**	**100.0**	**15,716**	**254,956**	**100.0**

Notes:

(1) Refers to properties solely developed by Kangqiao Group and jointly developed by Kangqiao Group and other property developers in which Kangqiao Group holds a controlling interest.

(2) Refers to properties solely developed by property developers that are independent of Kangqiao Group and our Controlling Shareholders.

Revenue from Property Management Services by Geographic Regions

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*	*(sq.m.)*	*(RMB)*	*(%)*
	(in thousands, except for percentages)								
Henan[(1)]	8,728	132,575	100.0	11,679	175,971	99.5	15,029	233,513	91.6
Hubei[(2)]	–	–	–	52	321	0.2	52	1,543	0.6
Zhejiang[(3)]	–	–	–	518	547	0.3	635	19,900	7.8
Total	**8,728**	**132,575**	**100.0**	**12,249**	**176,839**	**100.0**	**15,716**	**254,956**	**100.0**

Notes:

(1) Includes Zhengzhou city, Xinzheng city, Kaifeng city, Shangqiu city, Zhumadian city, Xinxiang city, Zhoukou city, Xinyang city, Luohe city, Sanmenxia city, Changyuan city, Puyang city, Hebi city, Luoyang city and Xuchang city.

(2) Includes Wuhan city.

(3) Includes Hangzhou city.

Revenue from Value-added Services to Non-property Owners

During the Track Record Period, we provided value-added services to non-property owners (mainly property developers), including (i) sales office management services which include property management services provided to property developers' sales offices and show flats, such as visitor reception, cleaning and security services; (ii) pre-delivery services that we offer at different stages prior to the delivery of properties, primarily including optimizing construction blueprints at the construction planning stage, monitoring the quality of construction during the construction process and measuring, inspecting and cleaning completed units on site before delivery; (iii) sales agency services in which we mainly facilitate property developers in selling their first-hand properties prior to property delivery; (iv) construction site management services in which we provide daily security services to constructors and property developers, such as video surveillance, emergency response, access control and visitor management; and (v) consultancy services for property developers and property management companies in relation to sales and management of projects. The following table sets out the breakdown of our revenue from value-added services to non-property owners by service type for the years indicated.

	For the year ended 31 December,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Sales office management services	50,904	76.2	86,042	73.4	104,687	44.5
Pre-delivery services	6,979	10.4	14,684	12.5	10,879	4.6
Sales agency services	1,714	2.6	2,724	2.3	97,094	41.2
Construction site management services	6,239	9.4	12,269	10.5	20,133	8.6
Consultancy services	950	1.4	1,507	1.3	2,615	1.1
Total	**66,786**	**100.0**	**117,226**	**100.0**	**235,408**	**100.0**

During the Track Record Period, the revenue contribution from value-added services to non-property owners increased significantly, mainly attributable to the increased number of projects where we provided such services as a result of our business expansion efforts. We

expect that the revenue arising from value-added services to non-property owners, including those to Kangqiao Group and its joint ventures and associates, will continue to grow considerably after the Listing. See "Continuing Connected Transactions" for more details.

Our revenue derived from sales agency services increased significantly from RMB1.7 million in 2018 to RMB97.1 million in 2020, as we started to vigorously develop our sales agency services in 2020. In particular, we were engaged by Kangqiao Group to provide sales agency services at sales offices in the second half of 2020, which was attributable to (i) our familiarity to the property projects developed by Kangqiao Group due to our engagement starting from an early stage of property development, and (ii) our experience in sales agency services, especially our sales skills and knowledge on the preference of potential buyers or property owners of Kangqiao Group's properties, which we obtained through providing sales promotion services and property management services previously. Therefore, we believe our sales agency services provided to Kangqiao Group arose from genuine business needs and was conducted on normal commercial terms. We also actively seek engagement from third parties for provision of sales agency services, and have provided sale agency services for first-hand properties developed by independent property developers in 48 residential communities during the Track Record Period. We believe our sales agency services provided to third parties will continue to grow in the future. For further details, see the section headed "Business – Value-added Services to Non-property Owners – Sales Agency Service".

Revenue from Community Value-added Services

We provide a series of community value-added services: home-living services, community operation services and asset operation services. The following table sets forth a breakdown of our revenue generated from community value-added services by service type for the years indicated.

	For the year ended December 31,					
	2018		**2019**		**2020**	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Home-living services	5,496	18.6	6,528	9.5	9,634	11.3
Community operation services	11,777	39.8	16,890	24.6	23,471	27.5
Asset operation services	12,312	41.6	45,357	65.9	52,116	61.2
Total	**29,585**	**100.0**	**68,775**	**100.0**	**85,221**	**100.0**

Cost of Sales

Our cost of sales primarily consists of employee benefit expenses and labor costs, greening and cleaning expenses, utilities, maintenance and customer service costs, security service costs, sales agency service costs, office expenses, rental expenses related to short-term

leases, travelling and entertainment expenses, depreciation and amortization charges and others. Others mainly includes material costs and taxes and surcharges. The following table sets forth the components of our cost of sales for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Employee benefit expenses and labor costs	123,005	70.2	167,088	66.3	243,951	61.1
Greening and cleaning expenses	16,866	9.6	32,544	12.9	47,404	11.9
Utilities	9,140	5.2	15,368	6.1	19,252	4.8
Maintenance and customer service costs	4,666	2.7	5,796	2.3	13,835	3.5
Security service costs	337	0.2	6,307	2.5	25,210	6.3
Sales agency service cost	–	–	–	–	19,544	4.9
Office expenses	2,103	1.2	3,406	1.4	3,825	1.0
Rental expenses related to short-term leases	3,248	1.9	2,745	1.1	2,524	0.6
Travelling and entertainment expenses	485	0.3	1,152	0.5	1,694	0.4
Depreciation and amortization charges	1,191	0.7	1,738	0.7	3,746	0.9
Others	13,934	7.9	15,660	6.1	18,056	4.6
Total	**174,975**	**100.0**	**251,804**	**100.0**	**399,041**	**100.0**

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

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	116,059	66.4	151,642	60.2	210,604	52.7
Value-added services to non-property owners	43,796	25.0	70,007	27.8	151,107	37.9
Community value-added services	15,120	8.6	30,155	12.0	37,330	9.4
Total	**174,975**	**100.0**	**251,804**	**100.0**	**399,041**	**100.0**

The general increase in the cost of sales during the Track Record Period was primarily due to (i) the increase in employee benefit expenses and labor costs as a result of the rising number of employees and workforce; (ii) the increase in greening and cleaning expenses in line with our business expansion, which was primarily attributable to the increase in the relevant subcontracting cost. During the Track Record Period, our employee benefit expenses and labor costs and greening and cleaning expenses were the major costs in the cost of sales affecting our gross profit margin. As such, our gross profit margin may decrease if we record rising employee benefit expenses and labor costs and greening and cleaning expenses in the future and if our revenue grow at a slower pace than our cost of sales. For details, see "Risk Factors – Risk Relating to Our Business and Industry – Our business and financial performance may be adversely affected by increase in employee benefit expenses and labor costs, sub-contracting costs and our provision of property management services on a lump sum basis."

Our employee benefit expenses and labor costs, which do not include subcontracting cost, accounted for approximately 70.2%, 66.3% and 61.1% of our total cost of sales in 2018, 2019 and 2020, respectively, which was higher than the average proportion of labor cost (exclusive of subcontracting cost) of the Top 100 Property Management Companies during the same periods. For details, see the section headed "Industry Overview – Historical Price Trends." This is mainly due to the fact that (i) compared to our Group, the Top 100 Property Management Companies have adjusted staffing and cost structure by outsourcing more services to subcontractors which in turn reduced the percentage of their labor cost (exclusive of subcontracting cost), and (ii) a significant portion of our revenue was generated from value-added services, the cost of which was mainly composed of labor cost.

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	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Fixed costs	1,191	0.7	1,738	0.7	3,746	0.9
Variable costs	173,784	99.3	250,066	99.3	395,295	99.1
Total	**174,975**	**100.0**	**251,804**	**100.0**	**399,041**	**100.0**

Substantially all of our cost of sales are variable costs, including employee benefit expenses and labor costs, greening and cleaning expenses, utilities, maintenance and customer service costs, security service costs, sales agency service cost, office expenses, rental expenses related to short-term leases, travelling and entertainment expenses and others. Variable costs increased in line with our business growth, accounting for approximately 99.1% 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

For the years ended December 31, 2018, 2019 and 2020, our gross profit amounted to RMB54.0 million, RMB111.0 million and RMB176.5 million, respectively, and our overall gross profit margin was 23.6%, 30.6% and 30.7%, respectively. During the same years, our operating cost ratio was 76.4%, 69.4% and 69.3%, respectively, which was generally lower than that of the Top 100 Property Management Companies. The growth of gross profit margin and the decline of operating cost ratio was primarily reflecting economies of scale as we expanded the project portfolio under our management, the growth of our value-added services and our implementation of effective cost control measures. We have taken various cost-saving measures to control our costs, which mainly include applying technological solutions to reduce our reliance on labor, standardizing operational procedures associated with our various services to refine our management structure and increase operational efficiency, and strengthening control of energy consumption.

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

	For the year ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	16,516	12.5	25,197	14.2	44,351	17.4
Value-added services to non-property owners	22,990	34.4	47,219	40.3	84,301	35.8
Community value-added services	14,465	48.9	38,620	56.2	47,892	56.2
Total	**53,971**	**23.6**	**111,036**	**30.6**	**176,544**	**30.7**

Property Management Services

In general, the gross profit margins of our value-added services to non-property owners and community value-added services were higher than those of our property management services, as the latter is more labor intensive. Our gross profit from property management services amounted to RMB16.5 million, RMB25.2 million and RMB44.4 million, respectively, and gross profit margin for property management services was 12.5%, 14.2% and 17.4%, for the years ended December 31, 2018, 2019 and 2020. The gross profit margin for our property management services continued to increase during the Track Record Period, as our revenue for property management increased at a faster pace as compared with the cost of sales, which was further due to the increase in our average property management fees and our effective cost control measures.

The following table sets forth our gross profit or loss and gross profit margin from property management services by type of property developer for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB)	*(%)*	*(RMB)*	*(%)*	*(RMB)*	*(%)*
	(in thousands, except for percentages)					
Kangqiao Group[(1)]	10,936	15.4	14,352	15.7	27,089	21.2
Third-party property developers[(2)]	5,580	9.1	10,845	12.6	17,262	13.6
Total	**16,516**	**12.5**	**25,197**	**14.2**	**44,351**	**17.4**

Notes:

(1) Refers to properties solely developed by Kangqiao Group and jointly developed by Kangqiao Group and other property developers in which Kangqiao Group holds a controlling interest.

(2) Refers to properties solely developed by property developers that are independent of Kangqiao Group and our Controlling Shareholders.

During the Track Record Period, the gross profit margin of property management services for the properties developed by third-party property developers were lower than those of our managed properties developed by Kangqiao Group, as the average management fees charged from the properties developed by Kangqiao Group were higher than those charged from third-party property developers.

The following table sets forth a breakdown of our gross profit and gross profit margin from property management services by geographic region for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Henan Province	16,516	12.5	25,469	14.5	40,585	17.4
Hubei Province	N/A	N/A	(272)	(84.7)	85	5.5
Zhejiang Province	N/A	N/A	N/A	N/A	3,681	18.5
Total	16,516	12.5	25,197	14.2	44,351	17.4

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

	For the year ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Residential properties	14,842	12.2	21,747	13.3	39,085	17.2
Non-residential Properties	1,674	15.0	3,450	24.8	5,266	19.4
Total	16,516	12.5	25,197	14.2	44,351	17.4

Gross profit margin for our property management services is affected by the average property management fees per sq.m. per month we charge for our property management services and our cost of sales per sq.m. per month for providing such services. The overall average property management fee we charged per sq.m. per month was approximately RMB1.78, RMB1.95 and RMB2.00 for the years ended December 31, 2018, 2019 and 2020, respectively. The general increase of average property management fees were primarily due to the increased average property management fees in our projects delivered in 2019 and 2020. The following table sets forth a breakdown of average property management fees for the years indicated by property developer.

	For the year ended December 31,		
	2018	2019	2020
	(RMB per sq.m. per month)		
Kangqiao Group[(1)]	2.17	2.31	2.47
Third-party property developers[(2)]	1.52	1.73	1.74
Total	**1.78**	**1.95**	**2.00**

Notes:

(1) Refers to properties solely developed by Kangqiao Group and jointly developed by Kangqiao Group and other property developers in which Kangqiao Group holds a controlling interest.

(2) Refers to properties solely developed by property developers that are independent of Kangqiao Group and our Controlling Shareholders.

We have more than half of properties under management that were developed by third-party property developers during the Track Record Period. The average property management services fees for properties developed by third-party property developers were lower than those for properties developed by Kangqiao Group during the Track Record Period, primarily because (i) the properties developed by Kangqiao Group were mainly in provincial capitals with relatively high property management fees, and (ii) we were able to provide more efficient and quality services due to our engagement starting from an early stage of property development in the projects developed by Kangqiao Group, which led to customers' willingness to accept higher prices.

The following table set forth a breakdown of our average property management fee per sq.m. per month for the years indicated by property type.

	For the year ended December 31,		
	2018	2019	2020
	(RMB per sq.m. per month)		
Residential properties	1.74	1.81	1.90
Non-residential Properties[(1)]	2.44	3.53	3.52
Total	**1.78**	**1.95**	**2.00**

Note:

(1) Include commercial properties, office buildings, industrial parks and public properties.

The average property management fees of non-residential properties experienced a significant increase during the Track Record Period, which was primarily due to the increased proportion of high-end commercial properties under our management in provincial capitals with relatively high property management fees.

Value-added Services to Non-property Owners

Gross profit from value-added services to non-property owners amounted to RMB23.0 million, RMB47.2 million and RMB84.3 million, respectively, and gross profit margin for value-added services to non-property owners was 34.4%, 40.3% and 35.8%, respectively, for the years ended December 31, 2018, 2019 and 2020. The increase in the gross profit margin for value-added services to non-property owners from 2018 to 2019 was primarily due to the greater economics of scale achieved as a result of the increased number of projects for which we provided sales office management services and pre-delivery services. The gross profit margin for value-added services to non-property owners decreased in 2020, as we set relatively competitive fee rates on sales agency services relating to first-hand properties, which we started to vigorously develop in August 2020, in order to expand our market share in this business line.

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.

	For the years ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Sales office management services	14,850	29.2	33,331	38.7	42,541	40.6
Pre-delivery services	3,763	53.9	6,882	46.9	5,473	50.3
Sales agency services	1,337	78.0	1,803	66.2	26,442	27.2
Construction site management services	2,133	34.2	4,026	32.8	8,048	40.0
Consultancy services	907	95.4	1,177	78.1	1,797	68.7
Total	**22,990**	**34.4**	**47,219**	**40.3**	**84,301**	**35.8**

Our gross profit and gross profit margin for sale office management services increased significantly in 2019, primarily due to (i) the increase amount of sale offices managed by us as a result of our effort to expand our business; and (ii) the effective measures to control the cost, such as our application of the system of standardized services and the intelligent technologies.

In 2020, the gross profit margin for sales agency services decreased significantly, primarily due to the fast growth of the scale of our sales agency services related to the first-hand properties we provided in 2020, which had a relatively lower gross profit margin since we provided a relatively lower price to compete with other companies in order to expand our business.

The gross profit margin of consultancy services decreased significantly during the Track Record Period, mainly due to the increased cost as we recruited more experienced staff for offering consultancy services in order to expand this business line.

According to CIA, our gross profit margins of, and the service fees charged for, each type of value-added services to non-property owners are reasonable and within a normal range in the property management industry.

Community Value-added Services

Gross profit from community value-added services amounted to RMB14.5 million, RMB38.6 million and RMB47.9 million, respectively, and gross profit margin for community value-added services was 48.9%, 56.2% and 56.2%, in 2018, 2019 and 2020. The gross profit margin for community value-added services generally increased during the Track Record Period, primarily reflecting (i) economies of scale as a result of our continuous business growth as demonstrated by our broader service offerings provided to existing customers, such as our asset operation services and (ii) our effective cost management through upgrade of intelligent devices and improvement of smart management.

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.

	For the years ended December 31,					
	2018		**2019**		**2020**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Home-living services	2,083	37.9	3,676	56.3	6,470	67.2
Community operation services	6,578	55.9	10,933	64.7	15,463	65.9
Asset operation services	5,804	47.1	24,011	52.9	25,959	49.8
Total	**14,465**	**48.9**	**38,620**	**56.2**	**47,892**	**56.2**

Our gross profit margin for home-living services increased from 37.9% in 2018 to 56.3% in 2019, primarily due to the greater economics of scale achieved as a result of the enlarged scale of our home-living services and our offering of more diversified services.

Our gross profit margin for community operation services also increased from 55.9% in 2018 to 64.7% in 2019, mainly due to the fast growth of revenue driven by the business expansion, while the labor costs increased at a relatively slow pace.

According to CIA, our gross profit margins of, and the service fees charged for, each type of community value-added services are reasonable and within a normal range in the property management industry.

Administrative Expenses

Our administrative expenses primarily include: (i) employee benefit expenses and labor costs, which mainly include salaries and benefits of our staff such as management, operations management, administration, human resources and finance staff at subsidiaries, branches and headquarters levels, (ii) listing expenses, (iii) office expenses, (iv) maintenance costs, (v) travelling and entertainment expenses, (vi) depreciation and amortization charges, (vii) other miscellaneous expenses. The following table sets forth the breakdown of our administrative expenses for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Employee benefit expenses and labor costs	10,781	58.7	14,128	71.0	20,775	52.3
Listing expenses	–	–	–	–	6,379	16.0
Office expenses	3,722	20.2	1,737	8.7	4,716	11.9
Rental expenses related to short term leases	–	–	–	–	569	1.4
Maintenance costs	905	4.9	1,724	8.6	2,311	5.8
Travelling and entertainment expenses	994	5.4	243	1.2	1,474	3.7
Depreciation and amortization charges	1,016	5.5	1,067	5.3	1,594	4.0
Others	971	5.3	1,053	5.2	1,935	4.9
Total	**18,389**	**100.0**	**19,952**	**100.0**	**39,753**	**100.0**

During the Track Record Period, employee benefit expenses and labor costs contributed the majority of our administrative expenses. Our employee benefit expenses and labor costs increased mainly attributable to the increased number of our relevant staff in line with our business expansion and the average employee compensation.

Selling and Marketing Expenses

Our selling and marketing expenses primarily include (i) employee benefit expenses and labor costs, (ii) travelling and entertainment expenses, (iii) office expenses, (iv) depreciation and amortization charges on our office facilities in connection with sales and marketing, and (v) others. The following table set forth the breakdown of our selling and marketing expenses for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Employee benefit expenses and labor costs	4,263	75.1	7,308	77.4	6,862	63.7
Travelling and entertainment expenses	711	12.5	1,257	13.3	2,331	21.6
Office expenses	657	11.6	795	8.4	1,496	13.9
Depreciation and amortization charges	23	0.4	79	0.8	77	0.7
Others	21	0.4	10	0.1	12	0.1
Total	**5,675**	**100.0**	**9,449**	**100.0**	**10,778**	**100.0**

Our selling and marketing expenses continued to increase during the Track Record Period, primarily because of the increase in our employee benefit expenses and labor costs and travelling and entertainment expenses, which was further caused by the expansion of our business.

Impairment Losses on Financial Assets, Net

Net impairment losses on financial assets primarily consist of the impairment allowance we recorded for trade and other receivables in accordance with our accounting policy, which amounted to RMB1.7 million, RMB1.7 million and RMB2.7 million for the years ended December 31, 2018, 2019 and 2020, respectively. Our net impairment losses on financial assets increased in 2020, primarily corresponding to the increase in provision for potential bad debts, which was mainly caused by the increase of trade receivables in the ordinary course of business in line with our business expansion.

Other Income

Our other income primarily includes: (i) interest income from loans to related parties, (ii) interest income from loans to third parties, (iii) super deduction of value-added tax, (iv) government grants, which consist mainly of financial subsidies granted by the local governments; and (v) others. The general increase of other income was mainly due to an increase in interest income from loans to related parties, as we provided certain new loans to related parties during the Track Record Period. For details, see the subsection headed "– Related Party Transactions and Balances – Balances with Related Parties – Loans to Related Parties."

The following table sets forth the breakdown of our other income for the years indicated.

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Interest income from loans to related parties	3,108	92.9	5,022	84.9	18,292	85.7
Interest income from loans to third parties	–	–	–	–	903	4.2
Super deduction of value-added tax	–	–	745	12.6	1,081	5.1
Government grants	52	1.6	98	1.7	900	4.2
Others	185	5.5	52	0.8	168	0.8
	3,345	**100.0**	**5,917**	**100.0**	**21,344**	**100.0**

Our interest income from loans to related parties increased significantly in 2020, which was due to a new loan of RMB300.0 million granted to Kangqiao Group in June 2020. For more details, please see subsection headed "– Related Party Transactions and Balances – Balances with Related Parties – Loans to Related Parties."

Finance costs, Net

Our net finance costs amounted to RMB2.5 million, RMB5.5 million and RMB20.7 million for the years ended December 31, 2018, 2019 and 2020, respectively, mainly representing our interest expenses on bank borrowings.

The following table sets forth a breakdown of our net finance costs for the years indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Finance income			
Interest income on bank deposits	1,048	293	414
Finance costs			
Interest expenses	(3,524)	(5,806)	(21,113)
Total	**(2,476)**	**(5,513)**	**(20,699)**

The increase in our net finance costs was primarily attributed to the increased interest expenses on bank borrowings during the Track Record Period, which was further caused by an increase in our bank borrowings.

In early 2020, some of our value-added services were affected by COVID-19 epidemic to a certain extent, as further elaborated in the section headed "Business – Effect of the COVID-19 Pandemic". With a view to improve our working capital turnover to better prepare for the COVID-19 pandemic, we carried out an activity where customers can enjoy reductions in property management fee payables by depositing cash into our accounts for a certain period. The activity involved 1,621 customers and we received cash deposits totaling RMB40.2 million. The minimum period of time for the deposit to be placed in order to be eligible for the fee reduction is three months. As of December 2020, such deposits from customers were repaid in full. Considering that such deposits were repayable, rather than being settled merely through performance of property management services, it was recorded under "other payables" in the combined balance sheet, while the corresponding amount benefited in return of placing the deposits, being RMB1.4 million in total, was recorded under "finance costs" in the combined statements of comprehensive income. As advised by our PRC Legal Adviser, such arrangement did not violate any mandatory provisions of the relevant laws and regulations in the PRC.

Income Tax Expenses

Our income tax expenses primarily comprise current and deferred income taxes in the PRC for our Company and our subsidiaries.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Current income tax			
– PRC corporate income tax	8,694	21,449	35,286
Deferred income tax			
– PRC corporate income tax	(1,409)	(1,222)	(3,169)
Total	**7,285**	**20,227**	**32,117**

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. For 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. Our subsidiaries in the BVI are also exempted from British Virgin Island income tax as well.

For the years ended December 31, 2018, 2019 and 2020, our effective income tax rates, which are calculated based on income tax expenses divided by profit before income tax as at the relevant year end and multiplied by 100%, were 25.1%, 25.2% and 25.9%, respectively, which remained relatively stable.

Current income tax expenses for 2018, 2019 and 2020 were RMB8.7 million, RMB21.4 million and RMB35.3 million, which were higher than income tax paid in 2018, 2019 and 2020 of RMB3.0 million, RMB7.3 million and RMB18.2 million, primarily due to that we recorded revenues upon the settlement of invoices with customers, and recorded relevant cost of sales and other operating expenses when we made the payments to suppliers or employees ("Cash Basis") for tax computation. Therefore, income tax expenses for 2018 and 2019 was not fully settled in the same years or the following years as we did not receive relevant payment from customers and have not recorded the revenue in the financial information for the tax fillings purpose in the relevant years. Since then, we adopted more stringent tax filing practice and started to record revenue when the services were rendered or the goods were delivered to customers and record relevant cost and expenses when they are incurred ("Accrual Basis") for tax filing purpose. In 2020, we made tax payments of RMB18.2 million, out of which RMB13.7 million was paid for unpaid income tax for 2019 or before and RMB4.5 million for 2020. Subsequent to December 31, 2020 and up to the Latest Practicable Date, we further made tax payments of RMB38.5 million, out of which RMB7.6 million was paid for unpaid income tax

for 2019 and RMB30.9 million for 2020. These tax payments fully covered our total unpaid income tax for 2018, 2019 and 2020 in accordance with PRC tax law requirements and our Directors confirm that we had no tax payment outstanding for 2018, 2019 and 2020 as of the Latest Practicable Date.

We had no EIT tax payment outstanding for the Track Record Period and as of the Latest Practicable Date. We had not been subject to any penalty with respect to tax filings we made during the Track Record Period and up to the Latest Practicable Date. In addition, considering that (i) we used the Accrual Basis for tax computation in EIT annual tax filing for 2020, and will use the Accrual Basis for EIT annual tax filings going forward; (ii) we have made the relevant adjustments for the above-mentioned tax filing matters and no EIT tax payment during the Track Record Period was outstanding; and (iii) we received confirmation letters from the relevant taxation bureau and our PRC legal adviser had consulted the relevant taxation bureau which, as advised by our PRC Legal Adviser, is the competent authority, our PRC Legal Adviser is of the view that the risk of the relevant PRC tax authorities imposing administrative penalty on us due to delayed recognition of revenue and supplementary declaration and payment of tax is low. We are of the view that the matter discussed above would not have a material impact on our business, financial performance and results of operations.

We had current tax liabilities of RMB38.5 million as of December 31, 2020, which has been settled as of the Latest Practicable Date as discussed above. We also recorded other tax payables of RMB20.5 million as of December 31, 2020, which mainly represent VAT and turnover taxes payable for revenue derived during the fourth quarter of 2020 and had been fully settled as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes, were not subject to any investigation or inquiry by the relevant tax authorities and there were no matters in disputes or unresolved with any tax authorities.

RESULTS OF OPERATIONS

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

Our revenue increased by 58.6%, from RMB362.8 million in 2019 to RMB575.6 million in 2020. The increase in revenue was primarily due to increases in revenue from property management services and revenue from value-added services to non-property owners.

- *Revenue from property management services*. Revenue from property management services increased by 44.2%, from RMB176.8 million in 2019 to RMB255.0 million in 2020, primarily due to (i) the increase in our total GFA under management, which grew from approximately 12.2 million sq.m. as of December 31, 2019 to

approximately 15.7 million sq.m. as of December 31, 2020 due to our continuous business expansion, and (ii) the increase in our average property management fee from RMB1.95 per sq.m. per month in 2019 to RMB2.00 per sq.m. per month in 2020.

- *Revenue from value-added services to non-property owners*. Revenue from value-added services to non-property owners increased significantly from RMB117.2 million in 2019 to RMB235.4 million in 2020, primarily attributable to (i) an increase of RMB94.4 million in revenue from sales agency services. For details, see the section headed "Business – Value-added Services to Non-property Owners – Sales Agency Service"; (ii) an increase of RMB18.6 million in sales office management services and RMB7.9 million in revenue from construction site management services, which was further due to the increased number of properties where we provided such services.

- *Revenue from community value-added services*. Revenue from community value-added services increased by 23.9%, from RMB68.8 million in 2019 to RMB85.2 million in 2020, primarily attributable to (i) an increase in revenue of RMB6.8 million generated from asset operation services, which was further due to the increased property transactions relating to second-hand properties and parking spaces driven by our enhanced marketing efforts and (ii) an increase in community operation services, which further due to an increase in the revenue from consulting and management services in relation to public space leasing and advertising.

Cost of Sales

Our cost of sales increased by 58.5%, from RMB251.8 million in 2019 to RMB399.0 million in 2020, primarily due to an increase in employee benefit expenses and labor costs of RMB76.9 million, an increase in sales agency service costs of RMB19.5 million and an increase in security service costs of RMB18.9 million, generally in line with the increases in the number of projects and the total GFA under our management.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 59.0%, from RMB111.0 million in 2019 to RMB176.5 million in 2020. Our gross profit margin increased from 30.6% in 2019 to 30.7% in 2020, primarily due to increases in the gross profit margin for each of our three business lines.

- *Property management services.* Our gross profit for property management services increased by 76.0% from RMB25.2 million in 2019 to RMB44.4 million in 2020. Our gross profit margin for property management services increased from 14.2% in 2019 to 17.4% in 2020, primarily due to (i) our effective cost control measures, such

as further adopting technological solutions to control labor costs and standardizing procedures to streamline our operations; (ii) the increase in our average property management fee; and (iii) greater economies of scale achieved during our business expansion.

- *Value-added services to non-property owners.* Our gross profit for value-added services to non-property owners increased by 78.5% from RMB47.2 million in 2019 to RMB84.3 million in 2020. Our gross profit margin for value-added services to non-property owners decreased from 40.3% in 2019 to 35.8% in 2020, mainly due to the relatively competitive prices we charged on our sales agency services relating to first-hand properties, which we started to vigorously develop in August 2020, in order to expand our market share in this business line.

- *Community value-added services.* Our gross profit for community value-added services increased by 24.0% from RMB38.6 million in 2019 to RMB47.9 million in 2020. Our gross profit margin for community value-added services remained relatively stable at 56.2% in 2019 and 2020.

Administrative Expenses

Our administrative expenses increased by 99.2% from RMB20.0 million in 2019 to RMB39.8 million in 2020, primarily due to (i) the increase of employee benefit expenses and labor costs, which was further caused by the increased headcount and average salary of our staff in line with our business expansion, (ii) an increase in our listing expenses in 2020, and (iii) an increase in office expenses and maintenance costs, as a result of our increased number of projects which located outside Zhengzhou.

Selling and Marketing Expenses

Our selling and marketing expenses remain relatively stable at RMB9.4 million in 2019 and at RMB10.8 million in 2020.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets increased significantly from RMB1.7 million in 2019 to RMB2.7 million in 2020, primarily due to the increase of trade receivables in the ordinary course of business which are typically in line with our business expansion.

Other Income

Our other income increased significantly from RMB5.9 million in 2019 to RMB21.3 million in 2020, primarily due to an increase in interest income from related parties, which was further attributable to the increase in our loans to related parties.

Finance Costs, Net

Our net finance costs increased significantly from RMB5.5 million in 2019 to RMB20.7 million in 2020, primarily due to an increase in interest expenses on bank borrowings as a result of the increased total bank borrowings.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased by 54.2%, from RMB80.4 million in 2019 to RMB123.9 million in 2020.

Income Tax Expenses

Our income tax expenses increased by 58.8%, from RMB20.2 million in 2019 to RMB32.1 million in 2020, primarily due to an increase in current income tax of RMB13.8 million which was caused by a rapid growth of our profit.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 52.6%, from RMB60.1 million in 2019 to RMB91.8 million in 2020, and our net profit margin amounted to 16.6% in 2019 and 15.9% in 2020, which remained relatively stable.

Year ended December 31, 2019 compared to year ended December 31, 2018

Revenue

Our revenue increased by 58.5%, from RMB228.9 million in 2018 to RMB362.8 million in 2019. The increase in revenue was primarily due to the increases in revenue from value-added services to non-property owners and revenue from property management services, and to a lesser extent, an increase in revenue from community value-added services.

- *Revenue from property management services*. Revenue from property management services increased by 33.4%, from RMB132.6 million in 2018 to RMB176.8 million in 2019, primarily due to (i) the increase in our total GFA under management, which grew from approximately 8.7 million sq.m. as of December 31, 2018 to approximately 12.2 million sq.m. as of December 31, 2019 due to our continuous business expansion, and (ii) the increase in our average property management fee from RMB1.78 per sq.m. per month in 2018 to RMB1.95 per sq.m. per month in 2019.

- *Revenue from value-added services to non-property owners*. Revenue from value-added services to non-property owners increased by 75.5%, from RMB66.8 million in 2018 to RMB117.2 million in 2019, primarily attributable to an increase of

RMB35.1 million in revenue from sales office management services and RMB7.7 million in revenue from pre-delivery services, which was further due to the increased number of properties where we provided such services.

- *Revenue from community value-added services*. Revenue from community value-added services increased significantly from RMB29.6 million in 2018 to RMB68.8 million in 2019, primarily attributable to an increase in revenue generated from asset operation services, as we started to provide sales agency services in relation to second-hand properties and parking spaces in late 2018 which continued to grow in 2019.

Cost of Sales

Our cost of sales increased by 43.9%, from RMB175.0 million in 2018 to RMB251.8 million in 2019, primarily due to an increase of RMB44.1 million in the employee benefit expenses and labor costs, an increase of RMB15.7 million in greening and cleaning expenses and an increase of RMB6.2 million in utilities, generally in line with the increases in the number of projects and the total GFA under our management.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB54.0 million in 2018 to RMB111.0 million in 2019. Our gross profit margin increased from 23.6% in 2018 to 30.6% in 2019, primarily attributable to increases in the gross profit margin for each of our three business lines.

- *Property management services.* Our gross profit for property management services increased by 52.6% to RMB25.2 million in 2019 from RMB16.5 million in 2018. Our gross profit margin for property management services increased from 12.5% in 2018 to 14.2% in 2019, primarily due to (i) our effective cost control measures, such as further adopting technological solutions to control labor costs and standardizing procedures to streamline our operations; (ii) our increased average property management fee, and (iii) greater economies of scale achieved during our business expansion.

- *Value-added services to non-property owners.* Our gross profit for value-added services to non-property owners increased significantly from RMB23.0 million in 2018 from RMB47.2 million in 2019. Our gross profit margin for value-added services to non-property owners increased from 34.4% in 2018 to 40.3% in 2019, primarily attributable to our efforts to control costs by further optimizing our information technology system and the greater economies of scale we achieved due to our business expansion.

- *Community value-added services.* Our gross profit for community value-added services increased significantly from RMB14.5 million in 2018 from RMB38.6 million in 2019. Our gross profit margin for community value-added services increased from 48.9% in 2018 to 56.2% in 2019, primarily due to (i) the rapid growth of our property agency services with respect to second-hand properties and parking space, which had a higher profit margin of 52.9% in 2019 as compared to 47.1% in 2018 caused by the greater economics of scale achieved as a result of business growth and the effective cost control resulting from the implementation of standardized operation system; and (ii) our continuous efforts to control cost by improving intelligent devices and smart management, for example, our upgrade of parking systems in 2019 to reduce staff cost and drive the increase of profit margin.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB18.4 million and RMB20.0 million in 2018 and 2019, respectively. The slight increase was mainly attributable to the increase of employee benefit expenses and other labour costs, which was further caused by the increased headcount of our administrative staff and the general increase in the salary of our staff in 2019.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 66.5%, from RMB5.7 million in 2018 to RMB9.4 million in 2019, primarily due to (i) an increase in employee benefit expenses as a result of the increased number of relevant employees in 2019, and (ii) an increase in travelling and entertainment expenses, which was further caused by more property management projects in 2019 in line with our business expansion.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets are stable at RMB1.7 million in 2018 and 2019, respectively.

Other Income

Our other income increased by 76.9% from RMB3.3 million in 2018 to RMB5.9 million in 2019, primarily due to (i) an increase of RMB1.9 million in interest income from loans to related parties, and (ii) an increase of RMB0.7 million in super deduction of value-added tax.

Finance Costs, Net

Our net finance costs increased from RMB2.5 million in 2018 to RMB5.5 million in 2019, mainly reflecting an increase in interest expenses on bank borrowings in 2019, which resulted from our increased total bank borrowings.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased significantly from RMB29.0 million in 2018 to RMB80.4 million in 2019.

Income Tax Expenses

Our income tax expenses increased significantly from RMB7.3 million in 2018 to RMB20.2 million in 2019, primarily due to the increase in the profit before income tax in line with our business expansion.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly from RMB21.7 million in 2018 to RMB60.1 million in 2019, and our net profit margin increased from 9.5% in 2018 to 16.6% in 2019.

DESCRIPTION OF CERTAIN ITEMS OF COMBINED BALANCE SHEETS

The table below sets forth our items of combined balance sheets as of the dates indicated.

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
ASSETS			
Non-current assets			
Property and equipment	2,930	7,968	9,068
Investment properties	3,071	5,194	5,705
Intangible assets	1,582	17,324	20,862
Investments accounted for using the equity method	–	–	198
Right-of-use assets	3,116	3,060	3,377
Deferred income tax assets	2,263	3,485	6,544
Restricted cash	100	100	1,324
	13,062	**37,131**	**47,078**
Current assets			
Trade and other receivables and prepayments	212,589	338,185	719,473
Cash and cash equivalents	24,523	57,441	134,758
	237,112	**395,626**	**854,231**
Total assets	**250,174**	**432,757**	**901,309**

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Liabilities			
Non-current liabilities			
Bank borrowings	–	7,200	221,119
Lease liabilities	5,527	8,659	7,305
Deferred income tax liabilities	–	1,971	1,756
	5,527	**17,830**	**230,180**
Current liabilities			
Trade and other payables	113,775	209,167	225,506
Contract liabilities	43,698	69,684	108,316
Current income tax liabilities	6,680	21,375	38,546
Bank borrowings	47,000	47,900	125,865
Lease liabilities	1,998	3,153	5,880
	213,151	**351,279**	**504,113**
Total liabilities	**218,678**	**369,109**	**734,293**
Equity			
Equity attributable to owners of the Company			
Combined capital	5,000	5,000	5,000
Statutory reserves	2,505	2,515	2,982
Retained earnings	23,897	50,066	137,982
	31,402	57,581	145,964
Non-controlling interests	94	6,067	21,052
Total equity	**31,496**	**63,648**	**167,016**

Property and Equipment

Our property and equipment primarily consist of office premises, vehicles, furniture and fixtures, leasehold improvements. Our property and equipment increased significantly from RMB2.9 million as of December 31, 2018 to RMB8.0 million as of December 31, 2019, primarily due to (i) the addition of such assets resulting from our acquisition of Zhejiang Lansheng in 2019; and (ii) our purchase of furniture and fixtures for business operations. Our property and equipment increased by 13.8% from RMB8.0 million as of December 31, 2019 to RMB9.1 million as of December 31, 2020, primarily due to (i) the addition of such assets resulting from our acquisition of Zhengzhou Kangqiao Guotou and Zhengzhou Jixiang in 2020; and (ii) our purchase of furniture and fixtures for business operations.

Right-of-use Assets

Our right-of-use assets primarily consist of properties which we leased for our office use and business use. As of December 31, 2018 and 2019, our right-of-use assets are stable at RMB3.1 million. Our right-of-use assets amounted to RMB3.4 million as of December 31, 2020, which remained relatively stable compared to that as of December 31, 2019.

Investment Properties

Our investment properties primarily consist of convenience stores and shops we leased from property developers, which we subleased to residents, tenants or merchants. Our investment properties increased by 69.1% from RMB3.1 million as of December 31, 2018 to RMB5.2 million as of December 31, 2019, and further increased by 9.8% to RMB5.7 million as of December 31, 2020, primarily due to an increased number of subleased properties in line with the expansion of our business.

Intangible Assets

Our intangible assets primarily consist of software systems, as well as goodwill arising out of our acquisitions. Our intangible assets increased significantly from RMB1.6 million as of December 31, 2018 to RMB17.3 million as of December 31, 2019, primarily due to acquisition of Zhejiang Lansheng, which resulted in the recognition of goodwill of RMB10.0 million and customer relationships and backlog valued of RMB6.2 million. Our intangible assets increased by 20.4% from RMB17.3 million as of December 31, 2019 to RMB20.9 million as of December 31, 2020, primarily due to an increase in goodwill resulting from our acquisition of Zhengzhou Kangqiao Guotou and Zhengzhou Jixiang in 2020.

Trade and Other Receivables and Prepayments

Trade Receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. Trade receivables mainly arise from property management services and value-added services provided to Kangqiao Group and its joint venture and associates, third-party property developers and property owners and residents. We charge property management fees in accordance with the relevant service agreements, which is generally due for payment by the residents upon the issuance of demand note. Value-added services income are usually with a credit term ranges from 0 to 180 days. Specifically, the credit term we granted to related parties generally ranges from 0 to 180 days and the credit term to third parties typically ranges from 0 to 30 days.

The table below sets forth the breakdown of our trade receivables as of the dates indicated.

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade receivables			
– Related parties	67,807	143,016	258,157
– Third parties	32,584	59,959	95,547
	100,391	202,975	353,704
Less: allowance for impairment of trade receivables	(2,811)	(4,380)	(6,945)
	97,580	**198,595**	**346,759**

Before allowance for impairment, our trade receivables increased significantly from RMB100.4 million as of December 31, 2018 to RMB203.0 million as of December 31, 2019, and further to RMB353.7 million as of December 31, 2020, primarily due to the growth in our business. We had substantial trade receivable balances as certain customers did not make payment in time, although we collected payment in advance from part of our customers. Our trade receivables due from related parties were primarily related to value-added services to non-property owners and community value-added services. The balances of our trade receivables due from related parties increased during the Record Track Period along with the increase in the revenue from related parties. Our trade receivables due from third parties were primarily related to the property management services.

Trade Receivable Turnover Days

The following table sets forth our trade receivables turnover days for the periods indicated.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(Days)	*(Days)*	*(Days)*
Trade receivables turnover day[(1)]	128	150	174
– Related parties	321	297	311
– Third parties	55	71	81

Note:

(1) Trade receivables turnover days for a year equals the average of the opening and closing trade receivables before allowance for impairment of trade receivables divided by revenue for the same year and multiplied by 360 days.

Our trade receivable turnover days increased from 128 days in 2018 to 150 days in 2019, mainly attributable to (i) the increase in trade receivables from related parties which had relatively longer collection periods, (ii) the increased trade receivable turnover days for third parties as we granted longer collection periods to certain customers with a view to expanding our customer base.

Our trade receivable turnover days increased from 150 days in 2019 to 174 days in 2020, primarily due to an increase in trade receivable turnover days of related parties from 297 days in 2019 to 311 days in 2020, which was mainly attributable to an increased turnover day of trade receivables relating to our sales agency services for first-hand properties. Specifically, we vigorously expanded our sales agency services for first-hand properties in 2020, for which we did not frequently collect relevant receivables from related parties considering the risk of default is relatively low.

During the Track Record Period, our trade receivable turnover day of related parties were substantially longer than that of third parties, as we did not collect trade receivables from related parties as frequently as we did from third parties considering the credit risk related to trade receivables due from Kangqiao Group is low, based on our long-term cooperative relationship with Kangqiao Group and Kangqiao Group's good credit history. We have increased our efforts to settle trade receivables due from related parties. For details of our enhanced collection efforts, see the subsection headed "– Collection of Trade Receivables" in this section. As of April 30, 2021, approximately RMB209.0 million, or 81.0% of trade receivables from related parties as of December 31, 2020, were subsequently settled. The Company will adopt a more stringent collection policy in respect of our related parties upon Listing, including enhancement in collection efforts by sending extra reminders and additional demand letters to our related parties, and granting related parties shorter credit terms ranging from 0 to 30 days that will be in line with the credit terms granted to third-party customers.

As of April 30, 2021, approximately RMB242.9 million, or 68.7%, of our trade receivables as of December 31, 2020 were subsequently settled, among which, RMB209.0 million, accounting for approximately 86.0%, was from related parties and RMB33.9 million, accounting for approximately 14.0%, was from third parties, reflecting our enhanced trade receivable collection efforts. Among the subsequently settled trade receivables of approximately RMB242.9 million as of April 30, 2021, approximately RMB7.4 million aged from 181 days to 365 days, approximately RMB19.5 million aged from one to two years, approximately RMB2.6 million aged from two to three years, approximately RMB4.7 million aged from three to four years, and approximately RMB1.3 million aged over four years, respectively, as of December 31, 2020.

Aging Analysis on Trade Receivables

The following table sets forth an aging analysis of our trade receivables based on recognition date as of the dates indicated and subsequent settlement as of April 30, 2021.

	As of December 31,								
	2018			2019			2020		
	Trade receivable	Subsequent settlement		Trade receivable	Subsequent settlement		Trade receivable	Subsequent settlement	
		Amount	*%*		*Amount*	*%*		*Amount*	*%*
	(RMB in thousands, except for percentages)								
Within 30 days	15,189	12,532	82.5	40,104	38,540	96.1	65,712	38,382	58.4
31 to 60 days	8,954	7,727	86.3	20,619	17,617	85.4	44,504	31,936	71.8
61 to 90 days	7,632	6,582	86.2	16,194	13,713	84.7	39,971	29,086	72.8
91 to 180 days	21,554	17,190	79.8	49,124	38,672	78.7	138,544	108,122	78.0
181-365 days	13,464	13,005	96.6	26,969	20,007	74.2	19,195	7,350	38.3
1 to 2 years	26,776	26,776	100.0	25,477	25,452	99.9	32,294	19,468	60.3
2 to 3 years	3,047	3,047	100.0	19,460	19,460	100.0	7,442	2,612	35.1
3 to 4 years	3,188	3,188	100.0	2,055	2,055	100.0	4,713	4,692	99.6
Over 4 years	587	587	100.0	2,973	2,973	100.0	1,329	1,297	97.6
Total	**100,391**	**90,634**	**90.3**	**202,975**	**178,489**	**87.9**	**353,704**	**242,945**	**68.7**

The following table sets forth an aging analysis of our trade receivables by related parties and third parties based on recognition date as of the dates indicated and subsequent settlement as of April 30, 2021.

	As of December 31,								
	2018			2019			2020		
	Trade receivable	Subsequent settlement		Trade receivable	Subsequent settlement		Trade receivables	Subsequent settlement	
		Amount	*%*		*Amount*	*%*		*Amount*	*%*
	(RMB in thousands, except for percentages)								
Related parties									
Within 30 days	8,766	8,766	100.0	29,620	29,620	100.0	41,970	23,875	56.9
31 to 60 days	7,157	7,157	100.0	14,996	14,996	100.0	37,516	29,277	78.0
61 to 90 days	5,989	5,989	100.0	12,471	12,471	100.0	34,206	27,368	80.0
91 to 180 days	15,928	15,928	100.0	35,026	35,026	100.0	116,527	103,226	88.6
181-365 days	6,606	6,606	100.0	16,243	16,243	100.0	5,907	4,966	84.1
1 to 2 years	20,380	20,380	100.0	16,383	16,383	100.0	19,884	18,144	91.2
2 to 3 years	1,020	1,020	100.0	15,541	15,541	100.0	319	319	100.0
3 to 4 years	1,960	1,960	100.0	824	824	100.0	1,828	1,828	100.0
Over 4 years	–	–	–	1,912	1,912	100.0	–	–	–
Sub-total	67,806	67,806	100.0	143,016	143,016	100.0	258,157	209,003	81.0

	As of December 31,								
	2018			2019			2020		
	Trade receivable	Subsequent settlement		Trade receivable	Subsequent settlement		Trade receivables	Subsequent settlement	
		Amount	*%*		*Amount*	*%*		*Amount*	*%*
	(RMB in thousands, except for percentages)								
Third parties									
Within 30 days	6,423	3,766	58.6	10,484	8,920	85.1	23,742	14,507	61.1
31 to 60 days	1,797	570	31.7	5,623	2,621	46.6	6,988	2,659	38.1
61 to 90 days	1,643	593	36.1	3,723	1,242	33.4	5,765	1,718	29.8
91 to 180 days	5,626	1,262	22.4	14,098	3,646	25.9	22,017	4,896	22.2
181-365 days	6,858	6,399	93.3	10,726	3,764	35.1	13,288	2,384	17.9
1 to 2 years	6,396	6,396	100.0	9,094	9,069	99.7	12,410	1,324	10.7
2 to 3 years	2,027	2,027	100.0	3,919	3,919	100.0	7,123	2,293	32.2
3 to 4 years	1,228	1,228	100.0	1,231	1,231	100.0	2,885	2,864	99.3
Over 4 years	587	587	100.0	1,061	1,061	100.0	1,329	1,297	97.6
Sub-total	32,585	22,828	70.1	59,959	35,473	59.2	95,547	33,942	35.5
Total	**100,391**	**90,634**	**90.3**	**202,975**	**178,489**	**87.9**	**353,704**	**242,945**	**68.7**

As of April 30, 2021, approximately RMB33.9 million, or 35.5%, of our trade receivables due from third parties as of December 31, 2020 were subsequently settled. The relatively low subsequent settlement of trade receivables from third parties was mainly due to the fact that (i) in the first three months of 2021, we placed more focus on encouraging prepayment of property management fees and collecting relatively long-aged trade receivables, especially those aged over three years, and the collection efforts for relatively short-aged trade receivables due from third parties were comparatively small, and (ii) some customers tend to settle outstanding property management fees late during or towards the middle or the end of a year out of personal preference and convenience without following the credit terms, and tend to pay outstanding property management fees in the next year or later after we offers the services.

Allowance for impairment of trade receivable was RMB2.8 million, RMB4.4 million and RMB6.9 million, respectively, as of December 31, 2018, 2019 and 2020. In determining the impairment for trade receivables, we primarily take into account the expected credit losses which based on shared credit risk characteristics and aging, and also consider other forward looking factors on microeconomic factors affecting the ability of the customers to settle the receivables. We recorded allowance for impairment based on expected credit loss rates over the expected life of trade receivables with similar credit risk characteristics under HKFRS 9. See note 3.1.2 to the Accountant's Report in Appendix I to this document.

Our Directors consider that there is no material recoverability issue with respect to outstanding trade receivables as of December 31, 2020 and sufficient measures have been taken to shorten the turnover days for receivables due from related parties for the following reasons: (i) the trade receivables from related parties are mainly due from Kangqiao Group who has

good financial conditions and long-term relationship with our Group; (ii) the trade receivables from independent third parties are a large number of individual property owners each involving a relatively limited amount of outstanding trade receivables, (iii) as further elaborated in the subsection headed "– Collection of Trade Receivables", we have taken various measures to enhance collection efforts and to shorten the turnover days for receivables due from related parties, which include, among others, (a) circulating a summary of trade receivables due from related parties to our management each month, and taking the settlement of trade receivables as a performance indicator for employees; (b) collecting trade receivables more frequently through phone calls, text messages and other approaches. As a result, RMB242.9 million or 68.7% of our trade receivables as of December 31, 2020 had been subsequently settled as of April 30, 2021; (iv) we have monitored long-aging trade receivables closely and requested the collection status thereof to be reported regularly to our headquarters. We have also set up internal targets for the collection of property management fees which are tied to the performance evaluation and employee benefits of our relevant business staff; (v) we have, in accordance with applicable HKFRSs, made provision for these long-aging trade receivables based on their respective expected credit loss rate, and (vi) in the event of significant payment delays after repeatedly failed collection attempts, we may resort to legal proceedings to collect the outstanding property management fees. As of the Latest Practicable Date, no material outstanding trade receivables are subject to legal proceedings or disputes. Having considered the views of our Directors set out above and taking into account our subsequent settlements of trade receivables and the measures taken by us in shortening the turnover days for receivables due from related parties, including those set out above and in the subsection headed "– Collection of Trade Receivables", the Sole Sponsor concurs with the above views of our Directors that (a) there is no material recoverability issue with respect to the Company's outstanding trade receivables as of December 31, 2020 and sufficient provision has been made with regard to such amount; and (b) the Company has sufficient measures to shorten the turnover days for receivables due from related parties.

Collection of Trade Receivables

Our collection rate of property management fees, calculated by dividing payments of property management fees received during a period by the corresponding total property management fees receivable for the same period, was 89.6%, 90.5% and 90.9%, respectively, in 2018, 2019 and 2020. The following table sets for a breakdown of collection rates by residential and non-residential properties for the years indicates.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(%)	*(%)*	*(%)*
Residential properties	89.0	89.7	90.0
Non-residential properties	96.6	98.9	97.8
Total	**89.6**	**90.5**	**90.9**

According to the CIA, the collection rate typically varies depending on payment habits of the property owners in different locations, and generally ranges from 80.0% to 100.0% for residential properties and 70.0% to 100.0% for non-residential properties in the PRC. As such, as advised by CIA, our collection rates are reasonable and within a normal range in the property management industry.

To expedite the recovery of our trade receivables, we have formulated and implemented various measures, including by offering our customers the convenience to pay their bills, such as property management fees, through online payment platform. We adopt different collection approaches, such as making phone calls, sending text messages, paying in-person visits, issuing legal collection letters and filing lawsuits. Such measures are applicable to both related parties and third parties. 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, and will issue demand letters for property management fees overdue for over six months. If such outstanding payment has not been settled after several rounds of communications and has been overdue for over one year, we may issue a demand letter through attorneys via email or registered mail. In the event of significant payment delays after repeatedly failed collection attempts, we may initiate legal proceedings to collect the property management fees. 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. We will also designate responsible personnel to track the progress of collecting trade receivables due from related parties, and regularly evaluate employee performance based on collection rate.

In addition, we plan to further enhance the trade receivables collection processes by implementing the following measures: (i) utilizing our information technology systems, in particular our fee collection system, to closely monitor and control the collection progress; (ii) communicating with our customers timely and efficiently with respect to approaching payment deadlines as well as overdue balances and evaluate the accounts to determine the appropriate collection strategy.

In particular, for trade receivables from related parties, we have taken several measures since January, 2021 to further enhance the collection of trade receivables from related parties, including but are not limited to, (i) circulating a summary of outstanding trade receivables from related parties by our financial department to our management and business departments each month, and taking the settlement of trade receivables from related parties as a performance indicator for our employees' monthly performance review; (ii) conducting aging analysis of trade receivables from related parties and making financial reconciliation with related parties; (iii) collecting our trade receivables from related parties more frequently through approaches mentioned above, such as making phone calls, sending text messages, and issuing legal collection letters. As a result, as of April 30, 2021, RMB209.0 million or 81.0% of our trade receivables due from related parties as of December 31, 2020 had been subsequently settled. Through the enhanced collection measures, we expect that all the trade receivables due from related parties as of December 31, 2020 will be settled no later than June 30, 2021.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulty in collecting trade receivables from both related parties and third parties.

Other Receivables and Prepayments

The table below sets forth the breakdown of our other receivables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Other receivables			
– Loans to related parties	47,000	45,000	301,626
– Amounts due from related parties	63,900	65,799	47,439
– Interest receivables from related parties	–	337	8,380
– Interest receivables from third parties	–	–	422
– Cash advances to non-controlling interests	–	14,475	244
– Loan to a third party	–	7,200	7,200
– Deposits	859	1,229	1,440
– Others	5,174	7,570	6,334
Subtotal	116,933	141,610	373,085
Less: allowance for impairment of other receivables	(2,354)	(2,450)	(2,586)
Total	114,579	139,160	370,499
Prepayments			
– Prepaid listing expenses	–	–	2,126
– Others	430	430	89
Total	**430**	**430**	**2,215**

Other Receivables

Our other receivables mainly represent (i) loans to related parties, primarily including certain interest-bearing loans to Kangqiao Group as disclosed in "– Related Party Transactions and Balances – Balances with Related Parties – Loans to Related Parties", (ii) amounts due

from related parties, mainly including cash advances and payments of underground garage decoration and employee benefit expenses we made on behalf of related parties, for more details, please see subsection headed "– Related Party Transactions and Balances and Cash Advances – Balances with Related Parties – Amounts Due from Related Parties", (iii) interest receivables from related parties, (iv) interest receivables from third parties, (v) cash advances to non-controlling interest, mainly including cash advances according to financing arrangements between Zhejiang Lansheng and its then shareholders and payments of decoration Zhejiang Lansheng made on behalf of its then shareholders before acquisition, the balances of which were subsequently settled after our acquisition of Zhejiang Lansheng, (vi) loan to a third party, (vii) deposits, and others.

Before allowance for impairment, our other receivables increased from RMB116.9 million as of December 31, 2018 to RMB141.6 million as of December 31, 2019, primarily attributable to (i) an increase in amounts due from related parties of RMB1.9 million, representing the increased advance payments we made on behalf of Kangqiao Group to help foster benevolent cooperative relationship between Kangqiao Group and its business partners, (ii) an increase in cash advances to non-controlling interests, representing payments Zhejiang Lansheng made on behalf of its non-controlling shareholders prior to our acquisition; and (iii) an increase in loan to a third party which were made by Zhejiang Lansheng prior to our acquisition in 2019.

Before allowance for impairment, our other receivables increased from RMB141.6 million as of December 31, 2019 to RMB373.1 million as of December 31, 2020, primarily attributable to an increase in loans to related parties of RMB256.6 million. For more information of our loans to related parties, see "– Related Party Transactions and Balances – Balances with Related Parties – Loans to Related Parties."

We have increased our efforts to settle loans to related parties, as a result of which, our loans to related parties were fully settled as of April 30, 2021. For more information, see "Risk Factors – Risks Relating to Our Business and Industry – We may be subject to penalties or adverse judicial rulings as a result of making loans to related parties and third parties during the Track Record Period."

As of April 30, 2021, RMB370.4 million, or 99.3% of our other receivables as of December 31, 2020 were subsequently settled.

Prepayments

Our prepayments to third parties primarily consist of prepaid listing expenses, prepayment in relation to utility fees for common area facilities. Our prepayments were stable at RMB0.4 million as of December 31, 2018 and 2019. Our prepayments increased significantly to RMB2.2 million as of December 31, 2020 from RMB0.4 million as of December 31, 2019, primarily due to an increase of RMB2.1 million in the prepaid listing expenses.

Trade and Other Payables

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, including purchases of materials and purchases from subcontractors. The following table sets forth the breakdown of our trade payables as of the dates indicated.

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade Payables			
– Related parties	990	1,532	25
– Third parties	12,914	22,033	51,464
Total	**13,904**	**23,565**	**51,489**

Our trade payables increased by 69.5%, from RMB13.9 million as December 31, 2018 to RMB23.6 million as of December 31, 2019, and further increased by 118.5% to RMB51.5 million as of December 31, 2020, primarily due to the increased subcontracting costs caused by increased use of subcontractors' services to support our business expansion. Our trade payables to related parties decreased by 98.4% from RMB1.5 million in 2019 to RMB0.03 million in 2020, primarily due to the payment we made to our related parties in 2020.

The following table sets forth our trade payables turnover days for the years indicated.

	For the year ended December 31,		
	2018	**2019**	**2020**
Trade payables turnover day[(1)]	17	27	34

Note:

(1) Trade payables turnover days for a year equals the average of the opening and closing trade payables balances divided by cost of sales for the same year and multiplied by 360 days.

The trade payables turnover days increased during the Track Record Period, primarily due to (i) the increase in material costs and subcontracting costs, and (ii) the longer payment period for certain transactions with our suppliers mainly as a result of our long-term relationship with them.

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'000)	*(RMB'000)*	*(RMB'000)*
Up to 1 year	12,834	19,293	45,225
1 to 2 years	438	3,222	3,014
2 to 3 years	480	418	2,194
Over 3 years	152	632	1,056
Total	**13,904**	**23,565**	**51,489**

As of April 30, 2021, approximately RMB41.5 million, or 80.7%, of our trade payables as of December 31, 2020 were subsequently settled.

Other Payables

The following table sets out our other payables as of the dates indicated.

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Amounts due to related parties	23,431	31,516	20,287
Payables for acquisition of a subsidiary	–	9,731	–
Deposits from third parties	25,878	26,507	33,232
Dividend payables	–	34,000	–
Accrued payroll and workforce payables	20,021	31,127	56,704
Other tax payables	4,786	10,828	20,453
Others	25,755	41,893	43,341
Total	**99,871**	**185,602**	**174,017**

Our other payables are primarily comprised of: (i) amounts due to related parties, such as related property developers' payment on behalf of us for utilities which we need to pay back and temporary parking fees we collected on behalf of property developers, for more details, please see subsection headed "– Related Party Transactions and Balances – Balances with Related Parties – Amounts Due to Related Parties" (ii) payables for acquisitions of a

subsidiary, (iii) deposits, especially the deposits relating to decoration of properties made by property owners, which were used to prevent property owners' illegal construction from causing losses to other person's interests or public interests, (iv) dividend payable, (v) accrued payroll and workforce payables, (vi) other taxes payables and (vii) others.

Our other payables increased from RMB99.9 million as of December 31, 2018 to RMB185.6 million as of December 31, 2019, mainly attributable to (i) an increase in amounts due to related parties as a result of the increased temporary parking fees we collected on behalf of property developers in 2019, (ii) an increase in payables for acquisition of a subsidiary which represented the consideration payables for our acquisition of Zhejiang Lansheng in 2019, (iii) an increase in others, mainly including utility expenses temporarily collected from the property owners to be paid to related service providers, rental fees collected from lessees to be returned to the property owners and other accrued expenses, which was in line with the increased number of projects, and (iv) an increase in accrued payroll and workforce payables, which was mainly due to the increased headcount of our employees and other workforce.

Our other payables decreased from RMB185.6 million as of December 31, 2019 to RMB174.0 million as of December 31, 2020, mainly attributable to (i) decrease in dividend payables as we made payments to the then shareholders, (ii) a decrease in amounts due to related parties as we made payments to related parties in 2020, and (iii) a decrease in payables for acquisition of a subsidiary due to completion of the acquisition transaction. The decrease was partially offset by (i) an increase in accrued payroll and workforce payables as a result of our increased headcount of employees and other workforce, (ii) an increase in tax payables which was caused by the expansion of our business, and (iii) an increase in deposits from third parties, especially the deposits relating to decoration of properties made by property owners, which was driven by an increase in newly delivered properties in 2020.

Contract Liabilities

Our contract liabilities mainly represent the advance payments made by customers while the underlying services are yet to be provided. As of December 31, 2018 and 2019, our contract liabilities increased by 59.5%, from RMB43.7 million as of December 31, 2018 to RMB69.7 million as of December 31, 2019 and further increased by 55.4% to RMB108.3 million as of December 31, 2020, primarily due to an increase in the prepayments of property management fees caused by our business expansion and the promotional activity we held in late 2019 and 2020.

NET CURRENT ASSETS

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (Unaudited)*
Current assets				
Trade and other receivables and prepayments	212,589	338,185	719,473	271,404
Cash and cash equivalents	24,523	57,441	134,758	118,172
	237,112	**395,626**	**854,231**	**389,576**
Current liabilities				
Contract liabilities	43,698	69,684	108,316	96,122
Trade and other payables	113,775	209,167	225,506	160,030
Current income tax liabilities	6,680	21,375	38,546	18,913
Bank borrowings	47,000	47,900	125,865	24,865
Lease liabilities	1,998	3,153	5,880	5,429
	213,151	**351,279**	**504,113**	**305,359**
Net current assets	**23,961**	**44,347**	**350,118**	**84,217**

We recorded net current assets of RMB24.0 million, RMB44.3 million and RMB350.1 million as of December 31, 2018, 2019 and 2020, respectively. Our net current assets increased by 85.1%, from RMB24.0 million as of December 31, 2018 to RMB44.3 million as of December 31, 2019, primarily due to an increase in trade and other receivables and prepayments and cash and cash equivalent in line with our business expansion, partially offset by an increase in trade and other payables and contract liabilities. Our net current assets significantly increased from RMB44.3 million as of December 31, 2019 to RMB350.1 million as of December 31, 2020, primarily due to an increase in trade and other receivables and prepayment and cash and cash equivalents as a result of our business growth and the loans of RMB300.0 million we granted to Kangqiao Group in 2020, which was partially offset by an increase in bank borrowings, current income tax liabilities and lease liabilities. Our net current assets decreased to RMB84.2 million as of April 30, 2021, primarily due to a decrease in trade and other receivables and prepayments, which was further caused by our enhanced efforts to collect trade receivables, the settlement of loans by Kangqiao Group and our repayment of certain non-current borrowings. See the subsection headed "– Description of Certain Items of Combined Balance Sheets – Trade and Other Receivables and Prepayments" for more details.

LIQUIDITY AND CAPITAL RESOURCES

Our principal cash requirements are to pay for working capital needs and capital expenditures for the expansion and procurement of property and equipment and acquisition of subsidiaries, joint ventures and associates. We meet these cash requirements by relying on our cash at banks and financial institutions and net cash flows from operating activities as our principal source of funding. Following the completion of the Global Offering and the Listing, we intend to continue to fund our cash requirements through our net cash flows from operating activities.

The following table sets forth a summary of our cash flow for the years indicated.

	For the years ended December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Operating cash flow before changes in working capital	32,374	85,414	133,579
– Changes in working capital	4,471	(41,654)	(60,081)
– Interest received from bank deposits	1,048	293	414
– Income tax paid	(2,997)	(7,297)	(18,221)
Net cash flows generated from operating activities	34,896	36,756	55,691
Net cash flows (used in)/generated from investing activities	(82,152)	2,586	(214,417)
Net cash flows generated from/(used in) financing activities	17,233	(6,424)	236,043
Net (decrease)/increase in cash and cash equivalents	(30,023)	32,918	77,317
Cash and cash equivalents at beginning of year	54,546	24,523	57,441
Cash and cash equivalents at end of year	24,523	57,441	134,758

Cash Flows from Operating Activities

Our cash from operating activities primarily consists of fees received from provision of property management services, value-added services to non-property owners and community value-added services. Cash flows from operating activities reflects (i) profit before tax adjusted for non-cash and non-operating items, such as depreciation of property and equipment, depreciation of right-of-use assets, interest income from loans to related parties and third

parties, finance costs-net, and net impairment losses on finance assets; (ii) changes in working capital, such as increase or decrease in trade and other receivables and prepayments, increase or decrease in trade and other payables, and increase or decrease in contract liabilities; and (iii) other cash items consisting of income tax paid and interest paid.

In 2020, we had net cash generated from operation activities of RMB55.7 million, which was the result of cash generated from operations of RMB73.5 million, adjusted by (i) interest received from bank deposits of RMB0.4 million, and (ii) income tax paid of RMB18.2 million. Operating cash inflow before changes in working capital was RMB133.6 million, primarily attributable to profit before income tax of RMB123.9 million. Changes in working capital contributed a cash outflow in the amount of RMB60.1 million, consisting primarily of (i) an increase in trade and other receivables and prepayments of RMB140.2 million, and an increase in restricted cash of RMB1.2 million, partially offset by an increase in trade and other payables of RMB46.6 million and an increase in contract liabilities of RMB34.8 million.

In 2019, we had net cash generated from operating activities of RMB36.8 million, which was the result of cash generated from operations of RMB43.8 million, adjusted by (i) interest received from bank deposits of RMB0.3 million, and (ii) income tax paid of RMB7.3 million. Operating cash inflow before changes in working capital was RMB85.4 million, primarily attributable to profit before income tax of RMB80.4 million. Changes in working capital contributed a cash outflow in the amount of RMB41.7 million, consisting primarily of an increase in trade and other receivables and prepayments of RMB102.1 million, partially offset by (i) an increase in contract liabilities of RMB22.0 million and (ii) an increase in trade and other payables of RMB38.5 million.

In 2018, we had net cash generated from operating activities of RMB34.9 million which was the result of cash generated from operating activities of RMB36.8 million, adjusted by (i) interest received from bank deposits of RMB1.0 million, and (ii) income tax paid of RMB3.0 million. Operating cash inflow before changes in working capital was RMB32.4 million, primarily attributable to profit before income tax of RMB29.0 million. Changes in working capital contributed a cash inflow in the amount of RMB4.5 million, consisting primarily of (i) an increase in contract liabilities of RMB14.9 million and (ii) an increase in trade and other payables of RMB29.3 million, partially offset by an increase in trade and other receivables and prepayments of RMB39.6 million.

Cash Flows from Investing Activities

In 2020, net cash flows used in investing activities was RMB214.4 million, primarily reflecting (i) loans to related parties of RMB345.0 million, mainly relating to the interest-bearing loans we granted to Zhengzhou Weizhen Health Care Services Co., Ltd. (鄭州唯臻康養服務有限公司), (ii) cash advances to related parties of RMB131.6 million mainly representing the increased payments we made on behalf of Kangqiao Group to help foster benevolent cooperative relationship between Kangqiao Group and its business partners and cash advances, and (iii) a loan to a third party of RMB7.5 million, partially offset by (i)

repayments of cash advances by related parties of RMB150.0 million mainly from Zhengzhou Kangqiao Real Estate Co., Ltd. (鄭州康橋房地產開發有限責任公司), and (ii) loans repaid by related parties of RMB88.4 million mainly from Zhengzhou Kangqiao Real Estate Co., Ltd..

In 2019, net cash generated from investing activities was RMB2.6 million, primarily reflecting (i) loans repaid by related parties of RMB47.0 million from Zhengzhou Kangqiao Real Estate Co., Ltd.., and (ii) repayment of cash advances by related parties of RMB31.1 million mainly from Zhengzhou Kangqiao Real Estate Co., Ltd., partially offset by (i) loans to related parties of RMB45.0 million, including our interest-bearing loans to Zhengzhou Kangqiao Real Estate Co., Ltd. and Zhengzhou Xiangxi County Real Estate Co., Ltd. (鄭州香溪郡置業有限公司), and (ii) cash advances to related parties of RMB33.0 million mainly representing the increased payments we made on behalf of Kangqiao Group to help foster benevolent cooperative relationship between Kangqiao Group and its business partners and cash advances.

In 2018, net cash used in investing activities was RMB82.2 million, primarily reflecting (i) cash advances to related parties of RMB64.2 million mainly representing the increased payments we made on behalf of Kangqiao Group to help foster benevolent cooperative relationship between Kangqiao Group and its business partners and cash advances, (ii) loans to related parties of RMB47.0 million relating to our interest-bearing loans to Zhengzhou Kangqiao Real Estate Co., Ltd.. and (iii) purchase of property and equipment of RMB1.4 million, partially offset by loans repaid by related parties of RMB27.0 million.

Cash Flows from Financing Activities

In 2020, net cash generated from financing activities was RMB236.0 million, reflecting primarily (i) proceeds from bank borrowings of RMB354.7 million, and (ii) cash advances from third parties of RMB40.2 million, partially offset by repayments of bank borrowings of RMB62.8 million, repayment of cash advances from third parties of RMB40.2 million and dividend paid of RMB34.0 million.

In 2019, net cash used in financing activities was RMB6.4 million, reflecting primarily (i) repayment of bank borrowings of RMB47.0 million and (ii) interest paid of RMB4.4 million, partially offset by proceeds from bank borrowings of RMB45.0 million.

In 2018, net cash generated from financing activities was RMB17.2 million, reflecting primarily proceeds from bank borrowings of RMB47.0 million, partially offset by (i) repayments of bank borrowings of RMB27.0 million, and (ii) interest paid of RMB3.0 million.

Working Capital

Our Directors are of the opinion that, after taking into account the financial resources available to us including our cash and cash equivalents and available banking facilities, the estimated net proceeds of the Global Offering and our internally generated funds, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

INDEBTEDNESS

Our Directors confirm that during the Track Record Period and up to the date of this document we did not have any material defaults in payment of our trade and non-trade payables and borrowings nor breaches of covenants. Except as disclosed herein, we did not have any banking facilities, outstanding loan capital, debt securities issued or agreed to be issued bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as at April 30, 2021, being the latest practicable date for the purpose of the indebtedness statement. Our Directors confirm that, save as disclosed herein, there was no material change in the indebtedness and contingent liabilities of our Group since the latest date for liquidity disclosure and up to the Latest Practicable Date.

The following table sets forth the components of our total debt as of the dates indicated.

	As of December 31,			As of April 30,
	2018	**2019**	**2020**	**2021**
		(RMB'000)		
				(Unaudited)
Non-current Liabilities				
Bank borrowings	–	7,200	221,119	2,433
Lease liabilities	5,527	8,659	7,305	3,858
	5,527	15,859	228,424	6,291
Current Liabilities				
Bank borrowings	47,000	47,900	125,865	24,865
Lease liabilities	1,998	3,153	5,880	5,429
Amounts due to related parties	23,431	31,516	20,287	2,166
	72,429	82,569	152,032	32,460
Total	**77,956**	**98,428**	**380,456**	**38,751**

Bank Borrowings

As of December 31, 2018, 2019 and 2020 and April 30, 2021, our total bank borrowings were all secured and guaranteed, and amounted to RMB47.0 million, RMB55.1 million, RMB347.0 million and RMB27.3 million, respectively. The bank borrowings of RMB27.3 million as of April 30, 2021 had been fully repaid by us as of the Latest Practicable Date. In 2018, 2019 and 2020, our weighted average effective interest rate were 9.36%, 10.77% and 8.05%, respectively.

The table below sets forth the components of our bank borrowings as of the dates indicated.

	As of December 31,			As of April 30,
	2018	**2019**	**2020**	**2021**
		(RMB'000)		
				(Unaudited)
Bank borrowings				
– Non-current	–	7,200	221,119	2,433
– Current	47,000	47,900	125,865	24,865
Total	**47,000**	**55,100**	**346,984**	**27,298**

The table below sets forth payment schedule of our bank borrowings as of the date indicated.

	As of December 31,			As of April 30,
	2018	**2019**	**2020**	**2021**
		(RMB'000)		
				(Unaudited)
Repayment within one year	47,000	47,900	125,865	24,865
Repayment within one to two years	–	–	141,119	2,433
Repayment within two to three years	–	7,200	80,000	–
Total	**47,000**	**55,100**	**346,984**	**27,298**

In June 2020, we entered into certain financing arrangements with a third-party bank (the "Bank"), pursuant to which, we transferred our rights to collect property management fees in relation to certain projects we managed, in the form of a trust, as a security to obtain a three-year bank borrowing of RMB300.0 million. Pursuant to the arrangements, we will make quarterly repayments and make full repayment by June 2023, with an annual interest rate of 7.5%. This borrowing was further secured by our 100% equity interests in Kangqiao Yueshenghuo which had been released as of the Latest Practicable Date, and was guaranteed by Mr. Song and entities controlled by Mr. Song. As of April 30, 2021, this borrowing has been fully repaid by us and we have not made any material default or breach of the terms of the arrangements.

We made loans to Kangqiao Group with the same principal amount in the same month to support their operational needs. The interest rate was 8.16% per annum and the maturity date is June 8, 2023. This loan was fully settled as of April 30, 2021. See "– Related Party Transactions and Balances – Balances with Related Parties – Loans to Related Parties" for more information.

Lease Liabilities

We lease various properties in the PRC for our business operations and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. As of December 31, 2018, 2019 and 2020 and April 30, 2021, our lease liabilities amounted to RMB7.5 million, RMB11.8 million, RMB13.2 million and RMB9.3 million, respectively. For details of these leases, see "Business – Properties."

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**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (Unaudited)*
Lease liabilities				
Current	1,998	3,153	5,880	5,429
Non-current	5,527	8,659	7,305	3,858
	7,525	**11,812**	**13,185**	**9,287**

Amounts due to Related Parties

As of December 31, 2018, 2019 and 2020 and April 30, 2021, our amounts due to related parties was RMB23.4 million, RMB31.5 million, RMB20.3 million and RMB2.2 million, respectively. The amounts due to related parties increased from RMB23.4 million as of December 31, 2018 to RMB31.5 million as of December 31, 2019, which was mainly due to the increased temporary parking fees we collected on behalf of property developers. The amounts due to related parties experienced a decrease from December 31, 2019 to December 31, 2020 and from December 31, 2020 to April 30, 2021, which was due to our efforts to settle balances due to related parties. These amounts were unsecured and interest-free and are expected to be fully repaid prior the Listing.

Unused Banking Facilities

As of April 30, 2021, we did not have any unused banking facilities.

Contingent Liabilities

As of December 31, 2018, 2019 and 2020 and April 30, 2021, we did not have any outstanding guarantees or other material contingent liabilities. Our Directors confirm that, save as disclosed in the subsection headed "– Indebtedness – Bank Borrowings", there was no material change in the indebtedness, capital commitments and contingent liabilities of our Group since the latest date for liquidity disclosure and up to the Latest Practicable Date.

COMMITMENTS

Lease Commitments

We leases offices and staff dormitories under non-cancellable lease agreements with lease term of less than 12 months. The majority of lease agreements are signed with third parties and renewable at the end of the lease period based on rates mutually agreed. The future aggregate minimum lease payments under non-cancellable short-term leases are as follows.

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Up to one years	247	455	444

Our lease commitments of approximately RMB0.2 million, RMB0.5 million and RMB0.4 million as of December 31, 2018 and 2019 and 2020, respectively, refer to our commitments for our future aggregate minimum lease payments under non-cancellable short-term leases.

Capital Expenditures

During the Track Record Period, we incurred capital expenditures mainly for purchase of property and equipment and acquisition of subsidiaries – net of cash acquired. The table below sets forth the amount of capital expenditures incurred during the Track Record Period.

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Purchase of property and equipment and intangible assets	1,373	1,186	2,475
Acquisition of a subsidiary, net of cash acquired	–	1,057	(1,385)
Total	**1,373**	**2,243**	**1,090**

We currently estimate that our capital expenditure for the years ending December 31, 2021 and 2022 will be RMB84.9 million and RMB233.6 million, respectively. 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.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of December 31, 2020, the date of our most recent financial statement, and as of the Latest Practicable Date.

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)] (times)	1.1	1.1	1.7
Gearing ratio[(2)] (%)	149.2	86.6	207.8
Return on assets[(3)] (%)	10.8	17.6	13.8
Return on equity[(4)] (%)	105.7	126.4	79.6
Gross profit margin (%)	23.6	30.6	30.7
Net profit margin (%)	9.5	16.6	15.9

Notes:

(1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates and multiplied by 100%.

(2) Gearing ratio is calculated as dividing total bank borrowings by our total equity as of the respective dates.

(3) Return on assets is calculated based on our profit for the year divided by average balance of total assets as of the beginning and end of that year and multiplied by 100%.

(4) Return on equity is calculated based on our profit for the year divided by average balance of total equity as of the beginning and end of that year and multiplied by 100%.

Current Ratio

Our current ratio was 1.1 times, 1.1 times and 1.7 times as of December 31, 2018. 2019 and 2020, respectively. Our current ratio increased to 1.7 times in 2020, primarily due to the increase of trade and other receivables and prepayments.

Gearing Ratio

Our gearing ratio decreased from 149.2% as of December 31, 2018 to 86.6% as of December 31, 2019, mainly due to the increased retained earnings as a result of our improved profitability in 2019. Our gearing ratio increased to 207.8% as of December 31, 2020 from 86.6% as of December 31, 2019, primarily due to the increase in our bank borrowings. See "– Indebtedness" for details.

Return on Assets

Our return on assets increased from 10.8% in 2018 to 17.6% in 2019, primarily attributed to (i) the expansion of our business, and (ii) the increase of our profitability. Our return on assets decreased from 17.6% in 2019 to 13.8% in 2020, primarily due to the increase in total assets which was further attributable to the increased trade and other receivables and prepayments.

Return on Equity

Our return on equity increased from 105.7% in 2018 to 126.4% in 2019, primarily due to the increased scale of our business and our enhanced profitability. Our return on equity decreased from 126.4% in 2019 to 79.6% in 2020, primarily due to an significant increase in equity resulting from the increased retained earnings.

Gross Profit Margin

Our gross profit margin increased from 23.6% for 2018 to 30.6% for 2019, primarily reflecting economies of scale, the growth of our property management services and value-added services to non-property owners, and our successful implementation of cost control measures. See "– Description of Certain Combined Statements of Comprehensive Income Items – Gross Profit and Gross Profit Margin" in this prospectus for further discussion. Our gross profit margin was 30.7% for 2020, which remained relatively stable compared to 2019.

Net Profit Margin

Our net profit margin increased from 9.5% for 2018 to 16.6% for 2019, primarily due to improved profitability for the reasons discussed under "– Key Financial Ratio – Gross Profit Margin" above in this section. Our net profit margin decreased slightly from 16.6% for 2019 to 15.9% for 2020, mainly due to the impact of listing expenses incurred in 2020.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

The main risks arising from our financial instruments are market risk, credit risk and liquidity risk. For further details, see Note 3.1 of the Accountant's Report in Appendix I to this prospectus. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

Market Risk

Cash Flow and Fair Value Interest Rate Risk

We are exposed to interest rate risk for certain interest-bearing cash at banks and restricted cash, loans to related parties and third parties and bank borrowings. Cash at banks and restricted cash at variable rates expose us to cash flow interest rate risk. Loans to related parties and third parties and bank borrowings obtained at fixed rates expose us to fair value interest rate risk.

As of December 31, 2018, 2019 and 2020, our cash flow interest rate risk on cash at banks and restricted cash was immaterial.

As of December 31, 2018, 2019 and 2020, the fair value interest rate risk exposure is immaterial to us due to the net-off effect of interest income from loans to related parties and interest expenses on bank borrowings.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

For trade and other receivables, our management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the expected credit losses of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our directors consider that our credit risk is significantly reduced.

We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk we compare 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 forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in use and changes in the operating results of the borrower.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company.

A summary of the assumptions underpinning our 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
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 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 90 days past due	Lifetime expected losses

We account for our credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, we consider historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

(a) Cash Deposits at Banks

We expect that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at banks which are listed companies. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

(b) Trade Receivables

We apply the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging. The expected credit losses also incorporate forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We have identified the most relevant factors for different group customers, such as money supply and population percent change from a year earlier, and accordingly adjusts the historical loss rates based on expected changes in these factors.

We assessed that the expected loss rate of trade receivables due from entities controlled by Mr. Song and their joint ventures and associates, and non-controlling interest of us and their subsidiaries (the "High-performing Group"), which are mainly property developers, was low considering their financial capacity and payment history with us. Our directors believe that there is no material credit risk inherent in receivables from them, so the expected loss rate of 0.1% was applied for these trade receivables.

(c) Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables are categorized as follows for assessment purpose:

Group 1: Other receivables due from the entities controlled by Mr. Song;

Group 2: Other receivables due from non-controlling interests of the Group and their subsidiaries;

Group 3: Performance guarantee deposits paid;

Group 4: Other receivables other than those mentioned above.

We have assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus, we used the 12 months ECL method to assess credit loss of other receivables.

We assessed that the expected loss rate of other receivables of Group 1 and Group 2, which are due from the entities controlled by Mr. Song and non-controlling interest of the Group and their subsidiaries who are mainly property developers, was low considering their financial capacity and payment history with us. The directors believe that there is no material credit risk inherent in receivables from them, so the expected loss rate for Group 1 and Group 2 is 0.1%.

The deposit receivables represented performance guarantees for the property management projects and will be refunded according to the relevant contract terms. We have assessed that the expected credit losses of Group 3 are not significant.

We have assessed that Group 4 is on Stage 1 and has used 12 months ECL method.

See note 3.1.2 set out in the Account's Report in Appendix I to this prospectus for more details.

Liquidity Risk

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance our operations and mitigate the effects of fluctuations in cash flows.

The table below analyzes our financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2018					
Financial liabilities					
Bank borrowings[(1)]	48,803	–	–	–	48,803
Lease liabilities[(2)]	2,457	1,373	4,003	1,839	9,672
Trade liabilities[(3)]	98,396	–	–	–	98,396
	149,656	**1,373**	**4,003**	**1,839**	**156,871**
As of December 31, 2019					
Financial liabilities					
Bank borrowings[(1)]	50,414	490	7,428	–	58,332
Lease liabilities[(2)]	5,297	2,392	5,036	1,161	13,886
Trade liabilities[(3)]	179,415	–	–	–	179,415
	235,126	**2,882**	**12,464**	**1,161**	**251,633**
As of December 31, 2020					
Financial liabilities					
Bank borrowings[(1)]	147,431	152,912	81,858	–	382,201
Lease liabilities[(2)]	6,229	3,234	4,354	611	14,428
Trade liabilities[(3)]	148,349	–	–	–	148,349
	302,009	**156,146**	**86,212**	**611**	**544,978**

Notes:

(1) Bank borrowings include interest payments.

(2) Lease liabilities include interest payments.

(3) Trade and other payables exclude accrued payroll liabilities and other tax payable.

RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to, 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 related if they are subject to common control. Members of key management and their close family members are considered as related parties. For a detailed discussion of related party transactions, please see Note 31 to the Accountant's Report in Appendix I to this prospectus.

Significant Related Party Transactions

During the Track Record Period, we entered into transactions with certain related party transactions from time to time.

Our Directors have confirmed that all of the transactions were carried out in the normal course of our business and on the terms as agreed between the transacting parties. Our directors have further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

Provision of Services

During the year ended December 31, 2018, 2019 and 2020, we recorded property management service income from related parties of RMB7.2 million, RMB14.5 million and RMB16.8 million, respectively. During the Track Record Period, value-added services to non-property owners from related parties amounted to RMB52.9 million, RMB84.7 million, and RMB177.3 million as of December 31, 2018, 2019 and 2020, respectively. Community value-added services from related parties amounted to RMB3.6 million, RMB28.6 million and RMB37.8 million as of December 31, 2018, 2019 and 2020, respectively.

Lease of Parking Spaces and Ground-floor Shops

During the Track Record Period, we leased from Kangqiao Group certain parking spaces and ground-floor shops situated in the residential and non-residential properties developed by Kangqiao Group and managed the parking spaces and shop spaces for subleasing to residents, tenants or merchants in such residential and non-residential properties. Our costs from leasing parking spaces from related parties amounted to approximately RMB1.0 million, RMB0.5

million, and RMB0.3 million, respectively, in 2018, 2019 and 2020. We recorded RMB1.6 million, RMB3.5 million and RMB4.2 million investment properties for certain properties which primarily are ground-floor shops leased from related parties as of December 31, 2018, 2019 and 2020, respectively.

Interest Income

During the Track Record Period, we provided certain interest-bearing loans to related parties at an interest rate ranging from 8.16% to 12.29%. As of December 31, 2018, 2019 and 2020, such interest-bearing loans amounted to RMB47.0 million, RMB45.0 million and RMB301.6 million, respectively. For more details, see "Business – Legal Proceedings and Compliance – Compliance – Non-compliance Incidents – Interest-bearing Loans Made to Related Parties and Third Parties" and subsection headed "– Related Party Transactions and Balances – Balances with Related Parties – Loans to Related Parties."

We recognized interest income from loans to related parties of RMB3.1 million, RMB5.0 million and RMB18.3 million in 2018, 2019 and 2020, respectively. The increase in interest income in 2020 were primarily due to the increased transaction of such loans, as we granted a loan of RMB300.0 million in June 2020.

Pledges and Guarantees

As of December 31, 2018, our bank borrowings of RMB27.0 million was pledged by properties of entities controlled by Mr. Song and guaranteed by entities controlled by Mr. Song.

As of December 31, 2019, our bank borrowings of RMB25.0 million was pledged by properties of entities controlled by Mr. Song and guaranteed by entities controlled by Mr. Song.

As of December 31, 2020 our bank borrowings of (i) RMB7.8 million was pledged by 51% equity interest of a subsidiary of the Group and guaranteed by Mr. Song and certain entities controlled by Mr. Song, (ii) RMB23.0 million was pledged by properties of entities controlled by Mr. Song and guaranteed by Mr. Song and third parties, (iii) RMB20.0 million was guaranteed by Mr. Song, Mr. Dai Wei and a third party, and (iv) RMB289.0 million was pledged by the Group's right of receipt of property management fee of certain properties managed by the Group in future three years and 100% equity interests of Kangqiao Yueshenghuo and guaranteed by Mr. Song and certain entities controlled by Mr. Song.

As of April 30, 2021, our bank borrowings of (i) RMB7.3 million was pledged by 51% equity interest of a subsidiary of the Group and guaranteed by Mr. Song and certain entities controlled by Mr. Song, and (ii) RMB20.0 million was guaranteed by Mr. Song, Mr. Dai Wei and a third party; both of which had been fully repaid by us as of the Latest Practicable Date. See note 23 set out in the accountant's report as Appendix I to this prospectus.

Balances with Related Parties

The table below sets forth the breakdowns of our balances with related parties as of the dates indicated below. Other receivables and dividend payables as set forth in the table below are non-trade in nature, and trade receivable, trade payables, other payables and lease liabilities with related parties in the table below are trade in nature. All non-trade balances with related parties were fully settled as of April 30, 2021.

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade receivables			
– Entities controlled by Mr. Song	65,193	132,272	247,425
– Joint ventures and Associates of entities controlled by Mr. Song	2,614	10,744	10,732
	67,807	**143,016**	**258,157**
Trade payables			
– Entities controlled by Mr. Song	990	1,532	25
Other receivables			
Loans to related parties			
– Entities controlled by Mr. Song[(1)]	47,000	45,000	301,626
Interest receivables from related parties			
– Entities controlled by Mr. Song[(1)]	–	337	8,380
Amounts due from related parties			
– Entities controlled by Mr. Song[(2)]	63,900	65,799	47,439
	110,900	**111,136**	**357,445**
Other payables			
– Entities controlled by Mr. Song[(3)]	23,431	31,516	20,287
Dividend payables			
– Entities controlled by Mr. Song	–	34,000	–
Lease liabilities			
– Entities controlled by Mr. Song[(4)]	5,883	8,930	9,200

Notes:

(1) Amounts represented loans to entities controlled by Mr. Song and relevant interest receivables, which were matured within one to three years with annual interest rate ranges from 8.16% to 12.29%.

(2) Amounts represented payments of expenses by the Group on behalf of entities controlled by Mr. Song for certain projects to which the Company provided services and cash advances to entities controlled by Mr. Song, which were interest-free and repayable on demand.

(3) Amounts represented rental and other payments collected by the Company on behalf of entities controlled by Mr. Song, which were unsecured, interest-free and repayable on demand.

(4) Amounts represented lease payables for the properties leased from entities controlled bu Mr. Song which were unsecured with annual interest rate ranges from 8.23% to 10.96%.

Trade Receivables

As of December 31, 2018, 2019 and 2020, we recorded trade receivables due from related parties of RMB67.8 million, RMB143.0 million and RMB258.2 million, respectively. The increase in the trade receivables from related parties during the Track Record Period generally corresponded to our business expansion, especially our value-added services to non-property owners.

The following table sets forth an aging analysis of trade receivables from related parties based on the date of revenue recognition as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Within 30 days	8,766	29,620	41,970
31 to 60 days	7,157	14,996	37,516
61 to 90 days	5,989	12,471	34,206
91 to 180 days	15,928	35,026	116,527
180 to 365 days	6,606	16,243	5,907
1 to 2 years	20,380	16,383	19,884
2 to 3 years	1,020	15,541	319
3 to 4 years	1,960	824	1,828
Over 4 years	–	1,912	–
Total	**67,806**	**143,016**	**258,157**

As of April 30, 2021, approximately RMB209.0 million, or 81.0% of trade receivables from related parties as of December 31, 2020 were subsequently settled.

Trade Payables

We recorded trade payables due to related parties of RMB1.0 million, RMB1.5 million and RMB0.0 million as of December 31, 2018, 2019 and 2020, respectively.

The following table sets forth an aging analysis of trade payables to related parties based on the invoice date as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Within one year	990	542	25
One to two years	–	990	–
Total	**990**	**1,532**	**25**

All the trade payables to related parties as of December 31, 2020 were subsequently settled as of April 30, 2021.

Loans to Related Parties

As of December 31, 2018 and 2019, we had loans to companies controlled by Mr. Song, the ultimate controlling shareholder, of RMB47.0 million and RMB45.0 million, respectively, representing the outstanding balance of loans we granted to Zhengzhou Kangqiao Real Estate Development Co., Ltd. (鄭州康橋房地產開發有限責任公司) and Zhengzhou Xiangxi County Real Estate Co., Ltd. for their business operation, especially the development of an industrial park project. As of December 31, 2020, we had loans to companies controlled by Mr. Song of RMB301.6 million, primarily representing the outstanding balance of loans we granted to Zhengzhou Weizhen Health Care Services Co., Ltd. (鄭州唯臻康養服務有限公司) for its development relating of health care related business.

Specifically, in 2018, we provided loans to Zhengzhou Kangqiao Real Estate Development Co., Ltd. with an aggregate principal amount of RMB47.0 million and a term of one year, bearing interest rates ranging from 9.802% to 10.96% per annum. In 2019, we provided loans to Zhengzhou Kangqiao Real Estate Development Co., Ltd. and Zhengzhou Xiangxi County Real Estate Co., Ltd. (鄭州香溪郡置業有限公司) with an aggregate principal amount of RMB45.0 million and a term of one year, bearing interest rates ranging from 11.00% to 12.29% per annum. In 2020, we provided loans to Zhengzhou Kangqiao Real Estate Development Co., Ltd. and Zhengzhou Weizhen Health Care Services Co., Ltd. with an aggregate principal amount of RMB345.0 million, terms ranging from approximately six months to three years and interest rates ranging from 8.16% to 12.17% per annum. Such loans included a loan granted in June 2020 with a principal amount of RMB300.0 million, a term of three years and an interest rate of 8.16%. All of these loans are unsecured. The loans to related parties were fully settled as of April 30, 2021.

Amounts Due From Related Parties

As of December 31, 2018, 2019 and 2020, we had amounts due from companies controlled by Mr. Song of RMB63.9 million, RMB65.8 million and RMB47.4 million, respectively, primarily representing cash advances to related parties and the payments of underground garage decoration and employee benefit expenses we made on behalf of companies controlled by Mr. Song. Amounts due from related parties were repayable on demand. Such amounts due from related parties were fully settled as of April 30, 2021.

Amounts Due To Related Parties

As of December 31, 2018, 2019 and 2020, we had amounts due to companies controlled by Mr. Song of RMB23.4 million, RMB31.5 million and RMB20.3 million, primarily representing the outstanding balance due to Kangqiao Group resulting from related property developers' payment on behalf of us for utilities which we need to pay back and our collection of parking fees on behalf of related parties. The amounts due to related parties as of December 31, 2020 were fully settled as of April 30, 2021.

During the Track Record Period, all of our loans to related parties, non-trade-related amounts due from and due to related parties arose when our Company had not been established as the onshore holding company of our Group and Henan Boyuan was the direct parent company of our business prior to the Reorganization. At that time, Henan Boyuan and Mr. Song centralized all the funding needs of the subsidiaries and affiliates, and allocated funds among them based on a centralized fund management mechanism which could enhance the efficiency of the use of our fund at that time. The foregoing balances were subsequently classified as related party balances of a non-trade nature following the Reorganization. In order to meet the requirement for financial independence, our Group and Kangqiao Group discontinued the centralized management mechanism. Our Directors confirm that all loans to related parties, non-trade related amounts due from and to related companies were fully settled as of April 30, 2021 and do not intend to continue in the future.

In addition, we had interest receivables from related parties of RMB0.3 million and RMB8.4 million as of December 31, 2019 and 2020, respectively, mainly reflecting the interest income from the interest-bearing loans we made to Zhengzhou Kangqiao Real Estate Development Co., Ltd. Zhengzhou Xiangxi County Real Estate Co., Ltd. and Zhengzhou Weizhen Health Care Services Co., Ltd.. We had dividend payables of RMB34.0 million as of December 31, 2019, primarily reflecting dividends declared by a subsidiary of our Group to is then shareholders in 2019. We recorded lease liabilities of RMB5.9 million, RMB8.9 million and RMB9.2 million as of December 31, 2018, 2019 and 2020, respectively, mainly due to the lease payables for the properties we leased from entities controlled by Mr. Song, which were unsecured with annual interest rate from 8.23% to 10.96%.

Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis and on normal commercial terms, and would not distort our track record results or impact the reflection of our future

performance. All non-trade balances with related parties were fully settled as of April 30, 2021. For further details on related party balances and transactions, please see Note 30 of the Accountant's Report in Appendix I to this prospectus.

Save as disclosed above, there had been no other sharing of resources and fund flows between the Group and the related parties during the Track Record Period and no costs or expenses relating to the Group's operations have been borne by related parties without being charged to the Group.

DIVIDEND AND DISTRIBUTABLE RESERVE

No dividend was declared or paid by our Company since its incorporation and up to the Latest Practicable Date. Dividends of RMB34.0 million were declared by subsidiaries now comprising the Group to their then shareholders in 2019 and settled by cash in December 2020. Dividends of RMB100.0 million were declared by Kangqiao Yueshenghuo, now a subsidiary of our Group, to its then shareholders and settled by cash in January 2021. See note 26 and 32 to the Accountant's Report set out in Appendix I to this prospectus for details. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

We do not have a predetermined pay-out ratio for dividend distribution. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our earnings, working capital and cash position, financial condition, capital requirements and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. There can be no assurance that dividends of any amount will be declared or distributed in any year.

As of December 31, 2020, our Company had no distributable reserves available for distribution to our Shareholders.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

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 but not limited to underwriting commissions, is estimated to be RMB49.4 million (based on the mid-point of the indicative Offer Price range, before the exercise of the Over-allotment Option), representing approximately 10.2% of the gross

proceeds from the Global Offering (assuming an Offer Price of HK$3.33, being the mid-point of the indicative Offer Price range and before the exercise of the Over-allotment Option), of which RMB18.7 million is expected to be accounted for as a deduction from equity upon completion of the Listing. Approximately RMB6.4 million has been charged to our profit or loss accounts in the combined statements of comprehensive income in 2020, and approximately of RMB24.4 million are expected to be charged to our profit or loss account subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of 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 have a material adverse impact on our financial performance for the year ending December 31, 2021.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to the owners of the Company as of December 31, 2020 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as of December 31, 2020 or at any future dates. It is prepared based on the combined net assets of the Group as of December 31, 2020 as set out in the Accountant's Report of the Group in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Combined net tangible assets of the Group 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**	**Unaudited pro forma adjusted net tangible assets per Share[(3)(4)]**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$2.78 per Share	127,860	357,675	485,535	0.69	0.83
Based on an Offer Price of HK$3.88 per Share	127,860	512,522	640,382	0.91	1.10

Notes:

(1) The combined net tangible assets of the Group attributable to the owners of the Company as of December 31, 2020 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the combined net assets of the Group attributable to the owners of the Company as of December 31, 2020 of approximately RMB146.0 million after deducting the Group's intangible assets attributable to the owners of the Company of approximately RMB18.1 million as of December 31, 2020.

(2) The estimated net proceeds from the Global Offering are based on 175,000,000 Offer Shares and the indicative Offer Price of HK$2.78 per Offer Share and HK$3.88 per Offer Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses payable by the Company.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 700,000,000 Shares were in issue assuming that the Global Offering and the Capitalisation Issue have been completed on December 31, 2020 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the issue and allotment or repurchase of Shares granted to the Directors as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of the unaudited pro forma statement of adjusted net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.8315 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.

(5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2020. The unaudited pro forma statement of adjusted net tangible assets has not taken into account the dividend of RMB100,000,000 which was declared by a PRC subsidiary to its then shareholder in January 2021 and the dividends of RMB2,223,000 which were declared by two PRC subsidiaries to non-controlling interests in May and June 2021. Had the dividends been taken into account, the unaudited pro forma adjusted net tangible assets per Share would have been RMB0.55 (HK$0.66) and RMB0.77 (HK$0.92) per Share based on the Offer Price of HK$2.78 and HK$3.88 per Offer Share, respectively.

SUBSEQUENT EVENT

In January 2021, Kangqiao Yueshenghuo, now a subsidiary of our Group, declared dividends of RMB100.0 million to its then shareholder. On May 7, 2021 and June 8, 2021, Puyang Junyang Property and Zhejiang Lansheng, our non-wholly owned subsidiaries, declared dividends of RMB550,000 and RMB4,200,000, respectively.

On January 28, 2021, 90 and 10 ordinary shares of the Company were allotted and issued to Kangqiaoyue Shenghuo BVI and New Hefeng, respectively. Pursuant to the resolutions of the Shareholders passed on June 17, 2021, subject to the share premium account of the Company being credited as a result of the issue of Offer Shares, the Directors are authorized to allot and issue a total of 524,999,800 shares credited as fully paid at par value to Kangqiaoyue Shenghuo BVI and New Hefeng in proportion to their respective shareholdings by way of capitalisation of the sum of HK$5,249,998 standing to the credit of the share premium account of the Company. Pursuant to the resolutions of the Shareholders passed on June 17, 2021, the authorized share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional 962,000,000 shares of a par value of HK$0.01 each.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

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, and there has been no event 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.

FUTURE PLANS

See the section headed "Business – Business Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$3.33 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$523.3 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

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$340.1 million, will be used to pursue selective strategic investment and acquisition opportunities to further develop strategic cooperation and expand our business scale. In particular, we plan to allocate:

  (i) approximately 50.0% or HK$261.7 million for acquisition and investment in other property management companies to enter new cities and diversify our property portfolio. Specifically, we plan to acquire (a) property management companies that are well-established with market presence and great growth potential in our target markets, and/or (b) property management companies managing a diversified portfolio, including residential and non-residential properties such as commercial complex, office buildings and industrial parks. We may take into account various factors when evaluating acquisition targets, such as regional market share, customer satisfaction, staff competence, local labor costs, service offering, geographic coverage, financial stability, growth potential, brand image, competitiveness, qualifications in service areas that we consider profitable or compatible with our expansion strategy. We plan to explore the acquisition or investment target preferably in the first-tier cities, new first-tier cities and second-tier cities in Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta. For acquisition of or investment in property management companies, the key criteria for our assessment of potential targets include, among others, (a) GFA under management of approximately 1 million sq.m. to 3 million sq.m., (b) maintained annual revenue ranging from RMB150 million to RMB200 million for the most recent financial year, (c) net profit margin of 5% or above, (d) average property management fee of at least RMB2 per sq.m. per month, (e) reputable brand recognition and good corporate credit, and (f) strong contract renewal record and business expansion ability; As advised by CIA, with more than 1,600 players in Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta each with a GFA under management of 1 million sq.m. to 3 million sq.m.,

there should be a sufficient number of suitable targets available that meet our Company's criteria. When determining the amount of proceeds allocated to such acquisition and investment, we considered a number of factors as further elaborated in the subsection headed "– Strategic Investment and Acquisition Plan" below. In 2021, we set up an investment development center to support strategic acquisitions and investments, and further improved our stringent approval systems and procedures for acquisitions and investments, involving identifying and evaluating potential targets, reviewing due diligence results and investment proposals and so on. Given the availability of suitable target companies as advised by CIA, and based on our experience in acquisition, the results of our research and assessments, and our improved system and procedures as discussed above for carrying out acquisition and investment plans, we believe the allocation of HK$261.7 million for such acquisition and investment is feasible.

(ii) approximately 10.0% or HK$52.3 million for actively identifying opportunities to acquire professional service companies that can bring synergies to our principal businesses, especially value-added services, such as companies offering property marketing and planning services or operation and maintenance services of electromechanical device, to enhance the competitiveness of our products. We would prefer acquisition of or investment in professional service companies that have 5-10 years of experience in the relevant business with annual revenue ranging from RMB50 million to RMB100 million and net profit margin of 10% or above, possess the necessary qualifications, have a leading local market share and mainly operate in Central China region while having a national layout and business expansion to Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta; and

(iii) approximately 5.0% or HK$26.2 million for exploring cooperation opportunities with local municipal investment companies or local property developers through capital injection or forming joint ventures to secure more engagements for public facility projects. Specifically, local municipal investment companies refer to certain state-controlled enterprises engaging in development of properties, including public facilities. We intend to cooperate with local municipal investment companies mainly through forming joint ventures for providing property management services. Such joint ventures may participate in bidding for property management of public facilities, which typically prefers candidates to have a state-controlled shareholder or other state-owned background. Cooperation with local municipal investment companies will also enable us to gain a better understanding of the demand and standards for public facility projects, thereby putting us in a stronger position to secure engagements for public facility projects. In selecting local municipal investment companies or local property developers for cooperation, key criteria include potential targets' past redevelopment history, relationships with local governments, reputation, and operating revenue and profit, among others.

In selecting regions for such cooperation, we mainly consider (a) cities or regions where Kangqiao Group already has a deep presence; (b) cities or regions where we have already entered into property management service contracts; and (c) cities or regions where we have strategically planed to expand our business.

- Approximately 10.0% or HK$52.3 million, will be used to invest in our intelligent operational and internal management systems to improve service quality and customer experience. In particular, we plan to allocate:

  (i) approximately 2.0% or HK$10.5 million for upgrading the "Kang Yun You Jia" (康雲優家) customer service system and developing other intelligent systems to provide customized value-added services, meet customers' diverse needs and improve user experience. Through upgrading our"Kang Yun You Jia" (康雲優家) customer service system and other intelligent systems, we expect that we will utilize the cloud computing, artificial intelligence and other technological means to offer a wider range of online value-added service scenarios, such as online services related to travel planning and housekeeping, cultivate user habits and enhance their stickiness to our online platform, which in turn facilitate the growth of our value-added service business. We expect the relevant upgraded systems will achieve 100% coverage of all business segments within the Group by 2024;

  (ii) approximately 3.0% or HK$15.7 million for building our property management system catering to multiple types of properties, such as industrial parks, commercial properties, schools and hospitals. In particular, we will (a) upgrade our property management system to better adapt to various non-residential property types with unique service scenarios, such as schools and hospitals; (b) further upgrade the internal human resources system to optimize our systematic capacities covering recruitment management, training management and performance management and others; (c) optimize the budgeting management system to improve its capacities on operation forecast, budget preparation and analysis, performance assessment and others, (d) improve our billing and accounting system and supplier management system for various business and service scenarios, covering agreement collection, business and finance approval, marketing activity management, as well as supplier access control, online management of storage materials, material procurement, among others, so as to achieve the provision of responsive and high-quality services for all customers in different types of properties. It is expected that by the end of 2024, we will realize the upgrade of relevant systems covering all business segments within the Group;

  (iii) approximately 2.0% or HK$10.5 million for investing in our subsidiaries in charge of information technology development and develop our Internet of Things system which would further enable us to develop a property

management big data platform. We plan to (a) gradually expand the size of our existing R&D team in the next three years through bringing in highly qualified and experienced IT technicians; (b) further improve the IoT system, such as enhancing the capability of AI image recognition and AI voice recognition, through our internal independent R&D and cooperation with external third-party technology companies; and (c) based on the demand for R&D and implementation of IoT system, we will also purchase and deploy more advanced hardware facilities for the communities under management, such as upgrading the intelligent access control and security system, parking system, and engineering equipment monitoring system to further enhance management efficiency, improve customer experience and enhance the overall quality of services. With the gradual completion of R&D and application of various IoT software and hardware facilities in the communities, we plan to establish a unified big data platform to converge data in various scenarios and accurately monitor the operation of the core facilities in the communities. The IOT big data platform will cover data collection system, protocol conversion system, pre-processing system, real-time flow calculation, and real-time alarm control center, which will enable us to realize online second-level monitoring of the managed facilities so as to establish a more rapid service response system. We intend to utilize approximately 0.5%, 0.6%, 0.5% and 0.5% of net proceeds, or HK$2.5 million, HK$3.1 million, HK$2.5 million and HK$2.5 million, respectively, in 2021, 2022, 2023 and 2024 in implementing this plan. It is expected that the upgrading of relevant hardware facilities will cover all business segments by the end of 2024; and

(iv) approximately 3.0% or HK$15.7 million for building a membership point system and further improve our service system. We plan to extract common behaviors, habits and preference of customers and produce accurate profiles of our customers by developing relevant systems, to better understand the needs and value of different customers. In the meantime, we will leverage the building of precision marketing tools to further enhance the ability of reaching target customers and increasing the marketing conversion rate. We expect that these systems will cover all users in the Group by 2024.

The intended use of net proceeds for systems above are the total expected cost of upgrades including (i) fixed costs which will be incurred regardless of the number of properties being upgraded, such as cost for software and labor costs for developing the software, which is estimated mainly based on the average annual salary of our existing R&D team and the expected scale of the planned R&D team; and (ii) variables costs which will vary depending on the size and number of properties being upgraded such as cost for hardware, interface and construction materials, which is estimated mainly based on the cost for constructing various systems and facilities in communities by relevant suppliers in the past and relevant price quote we obtained for upgrade of systems.

- Approximately 15.0% or HK$78.5 million, will be used to enrich and expand our service and product offerings to develop our diverse business lines. In particular, we plan to allocate:

  (i) approximately 9.0% or HK$47.1 million for expanding community value-added services and explore the "property service + life service" (物業服務+生活服務) model to provide customers with high-quality services and products through multiple channels, and to further improve property owners and residents' living standard and residence experiences. The relevant services and products we offer will include, among others, furniture, daily consumer goods and seasonal daily necessities, as well as convenience stores, housekeeping and brokerage services relating to second-hand properties. We also expect to enlarge the sales and management team in relation to new properties so as to support the continuous and steady growth of our sales agency service business. In particular, in 2021, we will focus more on developing a business line of housekeeping tailed to address customers' diversified needs, such as daily house appliances cleaning and maintenance, lamps and lanterns cleaning, acarus killing and dry cleaning services. In 2022, we will take efforts to develop travelling business to offer customized travelling planning services by cooperating with experienced third-party service providers with relevant qualifications and licenses. In 2023 and 2024, we will endeavor to develop charging station services by expanding business scope and improving charging facilities, and will further develop move-in furnishing services through cooperation with well-known home decoration platforms and household fittings brands to provide better one-stop furniture services. We expect that these services will mainly be provided to Independent Third Parties; and

  (ii) approximately 6.0% or HK$31.4 million for further diversifying our commercial operation services and providing consulting services for industrial parks and commercial properties in relation to tenant solicitation and others. We will expand our portfolio of non-residential properties under management, including commercial complexes and industrial parks, with a view to obtain more opportunities in offering business solicitation services and consulting and advisory services to property developers. Specifically, we plan to further analyze mature profit models of similar business in the market, optimize and apply the model, and will build a professional team, set detailed business development targets, select and operate pilot projects and further expand this business by taking use of the experience accumulated in pilot projects. We expect that these services will mainly be provided to Independent Third Parties.

- Approximately 10.0% or HK$52.3 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 the rapid and organic expansion as well as diversifying service offerings and property portfolio under management.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price Range or that the Over-allotment Option is exercised.

If the Offer Price is fixed at HK$3.88 per Offer Share (being the high-end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive the net proceeds of approximately HK$616.4 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK$2.78 per Offer Share (being the low-end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$93.1 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds of approximately HK$70.6 million (assuming an Offer Price of HK$2.78 per Share, being the low-end of the proposed Offer Price range), HK$84.6 million (assuming an Offer Price of HK$3.33 per Share, being the mid-point of the proposed Offer Price range) or HK$98.5 million (assuming an Offer Price of HK$3.88 per Share, being the high-end of the proposed Offer Price range), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

To the extent that the net proceeds from the Global Offering are not sufficient to fund the purposes as set forth above, we intend to fund the shortfall through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. 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 deposit the proceeds into short-term interest-bearing bank accounts with licensed financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

Strategic Investment and Acquisition Plan

As of the Latest Practicable Date, we did not have any investment or acquisition target. When determining the amount of proceeds allocated to strategic investment and acquisition, we mainly consider (i) our revenue and net profit growth target to a certain extent through the acquisition of approximately one or two companies per year, (ii) the estimated revenue and net profit contribution of each potential acquisition target, (iii) the estimated price-earning ratio, and (iv) our criteria for strategic acquisitions and investments as disclosed above. The allocation of proceeds among the different types of targets above is subject to adjustments based on market conditions. The actual number of acquisition targets will depend on the scale and consideration of the actual acquisition. Although our Directors had not identified any suitable targets as of the Latest Practicable Date, we have determined the criteria for evaluating potential targets. These efforts are based on our experience in acquisition during the Track Record Period, as well as the results of research, financial due diligence and preliminary assessments and feasibility studies undertaken during the Track Record Period and up to the Latest Practicable Date.

We are more inclined to consider companies in which we would have the controlling interest to better employ our investment strategies and business integration. Assuming that the Group will receive net proceeds from the Global Offering at an Offer Price set at the mid-point of the Offer Price Range and the first phase of strategic acquisitions and investment plan will be implemented and completed substantially by December 31, 2022, we estimate that the contracted GFA of properties developed by Kangqiao Group and its joint ventures and associates and the contracted GFA of properties developed by third-party property developers will account for approximately 22.7% and 77.3%, respectively, of the total contracted GFA as of the end of 2022, and the revenue from property management services on properties developed by Kangqiao Group and its joint ventures and associates and revenue from property management services on properties developed by third-party property developers will represent approximately 43.5% and 56.5%, respectively, of our total revenue from property management services in 2022.

According to CIA, with more than 1,600 players in Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta each with a GFA under management of 1 million sq.m. to 3 million sq.m., there should be a sufficient number of suitable targets available that meet our criteria for acquisition or investment. As advised by CIA, our Directors believe that our selection criteria are in line with the industry practice and there are sufficient number of suitable target companies available in the market for our aforementioned expansion plan. Given the availability of suitable target companies in the PRC as advised by CIA, we believe we can identify and acquire suitable target companies and we will be able to bolster our geographic presence and increase our market share in the selected regions we expand into through strategic investment and acquisition. We expect our investment and expansion plan could enlarge our business scale, which in turn could further reduce our overall management costs and increase our profitability.

However, given that most of our property management projects are in Henan and we plan to expand business outside of Henan through acquisitions or investments, preferably in Greater Bay Area, Beijing-Tianjin-Hebei Region and Yangtze River Delta, there is no assurance that we will be able to identify suitable opportunities or successfully implement our acquisition plan, and the acquisitions involve certain risk and uncertainties, such as inability to apply our business model or standardized business process on the acquisition targets and failure to achieve the intended acquisition objectives and benefits. See "Risk Factors – Risk Relating to Our Business and Industry – Our acquisitions or investments may not be successful and we may face difficulties in integrating acquired operations with our existing business, which may have a material adverse effect on our business, financial conditions and results of operations" for details of the associated risk factors.

In the event that we could not successfully complete the above-mentioned acquisition plan including failure to secure sufficient suitable targets, we would continue to explore acquisition opportunities and may consider to adjust the selection criteria for target companies based on the market conditions. For example, for the property management companies with outstanding track record of revenue and profit generation, we may consider to lower the criterion for GFA under management. If more than 60% of properties under management of a target company are non-residential properties which could enrich our property portfolio, we may consider to ease the requirements on its locations and business scale. Meanwhile, we will continue to expand our business by obtaining new engagements from customers through (i) actively participating in public tenders, and (ii) improving services quality to attract and maintain customers and enhance brand recognition.

IMPLEMENTATION PLAN

The following table sets out approximate amount, timeframe and specific plans including manpower involved for our expansion plan. Investors should note that the following implementation plan was formulated on the bases and assumptions referred to in "— Bases and Assumptions" below. The bases and assumptions outlined are inherently subject to uncertainties, particularly those outlined in the section headed "Risk Factors" in this prospectus. Our actual course of business may vary from the business strategies set forth in this prospectus due to unforeseeable events, and there can be no assurance that we will accomplish our business strategies in a timely manner, or at all.

Major Categories	Percentage of Total Proceeds	Amount of Proceeds	Percentage of Total Proceeds		Sub-categories	Amount of Total Proceeds	Specific Plans	Timeframe			
								2021	2022	2023	2024
		(HK$ in millions)				*(HK$ in millions)*			*(HK$ in millions)*		
Strategic investment and acquisition	65.0%	340.1	50.0%	(i)	Acquire and invest in other property management companies to enter new cities and diversify our property portfolio	261.7	We plan to acquire or invest in the companies with established market position and growth potentials in regions we prefer, which meet the key selection criteria as discussed in "– Use of Proceeds" above. In terms of manpower involved, we have set up an Investment Development Center (投資發展中心), which is responsible for the overall planning, negotiation and implementation of acquisitions and investments. We also have a business development center (業務拓展中心) and 8 professional development groups (專業拓展組) to collect data and implement acquisition and investment plans.	64.4	115.9	58.0	23.3
			10.0%	(ii)	Acquire professional service companies	52.3		–	15.7	17.4	19.2
			5.0%	(iii)	Cooperate with local municipal investment companies or local property developers	26.2		3.9	7.8	7.2	7.2

Major Categories	Percentage of Total Proceeds	Amount of Proceeds	Percentage of Total Proceeds	Sub-categories	Amount of Total Proceeds	Specific Plans	Timeframe			
							2021	2022	2023	2024
		(HK$ in millions)			*(HK$ in millions)*			*(HK$ in millions)*		
Invest in our intelligent operational and internal management systems	10.0%	52.3	2.0%	(i) Upgrade the "Kang Yun You Jia" (康雲優家) customer service system and develop other intelligent systems	10.5	We plan to build or upgrade such management and service systems as discussed in "– Use of Proceeds" above, to promote the business operation capabilities, and provide more reliable and convenient services for our customers while improving the operating efficiency and reducing manpower expenditure. Our Data Technology Center (數據科技中心) including its operation and maintenance group (運維組) and technology research and development group (技術研發組), which currently comprises 30 experienced staff, will take the lead to implement this plan.	2.1	2.5	3.0	3.0
			3.0%	(ii) Build our property management system catering to multiple types of properties	15.7		5.8	3.7	3.1	3.1
			2.0%	(iii) Invest in our subsidiaries in charge of information technology development and develop our Internet of Things system	10.5		2.5	3.1	2.5	2.5
			3.0%	(iv) Build a membership point system and further improve our service system	15.7		2.3	4.9	4.4	4.1

Major Categories	Percentage of Total Proceeds	Amount of Proceeds	Percentage of Total Proceeds		Sub-categories	Amount of Total Proceeds	Specific Plans	Timeframe			
								2021	2022	2023	2024
		(HK$ in millions)				*(HK$ in millions)*			*(HK$ in millions)*		
Enrich and expand our service and product offerings	15.0%	78.5	9.0%	(i)	Expand community value-added services and explore the "property service + life service" (物業服務+生活服務) model	47.1	We plan to expand our value-added services which are tailored to address community and customer needs. We also plan to explore our offering of customized travel planning by cooperating with experienced third-party service providers with relevant qualifications and licenses, and the offering of commercial operation and consultancy services to property developers. See "– Use of Proceeds" above for details.	11.3	11.5	12.1	12.2
			6.0%	(ii)	Diversify commercial operation services and expand consulting services	31.4		7.4	7.9	8.1	8.1

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK$ in millions)	Percentage of Total Proceeds	Sub-categories	Amount of Total Proceeds (HK$ in millions)	Specific Plans	Timeframe 2021	2022	2023	2024
Working Capital	10.0%	52.3	10.0%	Working capital and other general corporate purposes	52.3	We expect to have increasing needs for working capital as a result of our expected organic expansion as well as diversifying service offerings and property portfolio under management.	6.4	17.7	13.7	14.5
Total	**100.0%**	**523.3**								

Bases and Assumptions

Our future plans and business strategies are based on the following general assumptions:

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other government policies relating to our Group, our industry or the political or market environment in which we operate;
- there will be no material changes in the existing accounting policies from those stated in the Accountant's Report in Appendix I as of and for the years ended December 31, 2018, 2019 and 2020;
- the Global Offering will be completed in accordance with and as described in the section headed "Structure of the Global Offering" in this prospectus;
- there will be no material changes in the bases or rates of taxation applicable to our activities;
- we will continue our business operations in the same manner as we had operated during the Track Record Period;
- our operations including our future plans will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of, among others, inflation and interest rate, in the PRC;
- there will be no disasters, natural, political or otherwise, which would not materially disrupt our business or operations; and
- we will not be materially affected by the risk factors as set our in the "Risk Factors" in this prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for a certain number of Offer Shares at the Offer Price (the "**Cornerstone Placing**").

Based on the Offer Price of HK$3.88 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 65,925,000, representing approximately 37.67% of the Offer Shares and approximately 9.42% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), and the total subscription amount by the Cornerstone Investors would be approximately HK$255,792,982.

Based on the Offer Price of HK$3.33 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 71,045,000, representing approximately 40.60% of the Offer Shares and approximately 10.15% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), and the total subscription amount by the Cornerstone Investors would be approximately HK$236,581,482.

Based on the Offer Price of HK$2.78 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 78,190,000, representing approximately 44.68% of the Offer Shares and approximately 11.17% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), and the total subscription amount by the Cornerstone Investors would be approximately HK$217,369,982.

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our Company's business and prospect.

The Cornerstone Placing forms part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue following the completion of the Global Offering and to be listed on the Stock Exchange, and will be counted towards the public float of our Company. Our Company became acquainted with each of the Cornerstone Investors through introduction by the Underwriters.

Immediately following the completion of the Global Offering, the Cornerstone Investors will not become a substantial Shareholder (as defined in the Listing Rules) of our Company and will not have any Board representation in our Company. To the best knowledge of our Company, each of Cornerstone Investors (i) is an Independent Third Party and is not our connected person (as defined under the Listing Rules), (ii) is independent of other Cornerstone Investors, (iii) is not financed by us, our Directors, chief executive, controlling shareholders, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates, and (iv) is not accustomed to take instructions from us, our Directors, chief executive, controlling shareholders, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them. There are no side agreements or arrangements between us and the Cornerstone Investors.

Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and the consideration will be settled by the Cornerstone Investors before the Listing. The Offer Shares to be subscribed by the Cornerstone Investors may be affected by the reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation". Details of the allocations to the Cornerstone Investors will be disclosed in the allotment results announcement in the Hong Kong Public Offering to be published on or around July 15, 2021.

The table below sets forth details of the Cornerstone Placing:

Cornerstone Investor	Investment Shares/ Amount	Indicative Offer Price[(2)]	Number of Shares to be subscribed for	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)
Country Garden Property Services HK Holdings Company Limited	34,930,000 Shares	Low-end: HK$2.78	34,930,000	19.96%	17.36%	4.99%	4.81%
		Mid-point: HK$3.33	34,930,000	19.96%	17.36%	4.99%	4.81%
		High-end: HK$3.88	34,930,000	19.96%	17.36%	4.99%	4.81%

Cornerstone Investor	Investment Shares/ Amount	Indicative Offer Price[2]	Number of Shares to be subscribed for	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)
Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司)	RMB80,000,000 (equivalent to HK$96,211,666)	Low-end: HK$2.78	34,608,000	19.78%	17.20%	4.94%	4.77%
		Mid-point: HK$3.33	28,892,000	16.51%	14.36%	4.13%	3.98%
		High-end: HK$3.88	24,796,000	14.17%	12.32%	3.54%	3.41%
58.com Holdings Inc.	RMB20,000,000 (equivalent to HK$24,052,916)	Low-end: HK$2.78	8,652,000	4.94%	4.30%	1.24%	1.19%
		Mid-point: HK$3.33	7,223,000	4.13%	3.59%	1.03%	0.99%
		High-end: HK$3.88	6,199,000	3.54%	3.08%	0.89%	0.85%

Notes:

(1) Calculated based on the exchange rate of HK$1.00 : RMB0.8315 as described in "Information about this Prospectus and the Global Offering – Exchange Rate Conversion" in this prospectus.

(2) Being the low-end, mid-point and high-end of the proposed Offer Price range set out in this prospectus, respectively.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Country Garden Property Services HK Holdings Company Limited

Country Garden Property Services HK Holdings Company Limited is an investment holding company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Country Garden Services Holdings Company Limited (an exempted company

incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 6098)). Its subsidiaries are principally engaged in property management services, community value-added services, value added services to non-property owners, "Three Supplies and Property Management" businesses (currently including property management services and heat supply business) and city services.

As confirmed by Country Garden Property Services HK Holdings Company Limited, its subscription under the Cornerstone Placing would be financed by its own internal financial resources.

Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司)

Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) is a joint stock company incorporated in the PRC with limited liability. It has a number of biological and medical technology companies under its corporate umbrella, including Autobio Diagnostics Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the shares of which have been listed on the Shanghai Stock Exchange (stock code: 603658) since September 2016. Autobio Diagnostics Co., Ltd. focuses on the research and development, manufacturing, integration and related services of in-vitro diagnostic reagents and equipment. Its products cover the fields of immunology, microbiology, biochemistry, molecular and other testing, and are able to provide medical laboratories with comprehensive product solutions and holistic services.

Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) is optimistic about the future prospects of the property management industry and in particular, the development potential of our Company, a well-known property management company in Henan Province, and has therefore made the investment decision to enter into the Cornerstone Investment Agreement to subscribe for the Offer Shares.

As confirmed by Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司), its subscription under the Cornerstone Placing would be financed by its own internal financial resources.

For the purpose of this cornerstone investment, Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) has engaged CCB Principal Asset Management Co., Ltd. ("**CCB Asset**") and Huatai Securities (Shanghai) Asset Management Co., Ltd., each being an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authorities, to subscribe for and hold such Offer Shares on behalf of Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司)

CCB Asset is a member of the same group of companies as CCB International Capital Limited, the Sole Sponsor, the Sole Global Coordinator and one of the Joint Bookrunners and Joint Lead Managers of the Global Offering. Accordingly, CCB Asset is a connected client of CCB International Capital Limited. 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 Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) to participate in the Global Offering through CCB Asset as a cornerstone investor subject to certain conditions.

58.com Holdings Inc.

58.com Holdings Inc. is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. It is a wholly-owned subsidiary of 58.com Inc. ("**58.com**"), a leading online platform of classified information and services, providing platforms for consumer users to browse, search and post information, get connected and communicate with services providers to ultimately address these consumer users' needs for local services, while business users use 58.com's platforms to upload and promote their services, attract customer leads and inquiries and hire people for their own businesses. 58.com was previously listed on the New York Stock Exchange since October 2013 and was subsequently privatized by Quantum Bloom Group Limited in September 2020.

58.com Holdings Inc. is optimistic about the potential financial return of investing in our Company, and has therefore made the investment decision to enter into the Cornerstone Investment Agreement to subscribe for the Offer Shares.

As confirmed by 58.com Holdings Inc., its subscription under the Cornerstone Placing would be financed by its own internal financial resources.

In addition to the closing conditions as set out in the section headed "Closing Conditions" below, the subscription obligation of 58.com Holdings Inc. to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the respective representations, warranties, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading in any material respect and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid underwriting agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Sole Global Coordinator (on behalf of itself and the other underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the approval of the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors as well as other applicable waivers), and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no applicable laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the representations, warranties, undertakings, confirmations and acknowledgements of such Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true and not misleading in all respects and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months following and inclusive of the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

HONG KONG UNDERWRITERS

CCB International Capital Limited
Haitong International Securities Company Limited
Sheng Yuan Securities Limited
Shenwan Hongyuan Securities (H.K.) Limited
DL SECURITIES (HK) LIMITED
Guosen Securities (HK) Capital Company Limited
Futu Securities International (Hong Kong) Limited
Livermore Holdings Limited
Opus Capital 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 17,500,000 Hong Kong Offer Shares and the International Offering of initially 157,500,000 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 Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and 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 severally but not jointly to subscribe or procure

subscribers for their respective applicable proportions of the Hong Kong Offer Shares 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

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by notice in writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(1) there shall develop, occur, exist or come into effect:

(a) any change, or any development involving a prospective change, or any event or series of events or circumstance resulting or likely to result in or representing 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 or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the inter-bank markets or credit markets, a change in the system under which the Hong Kong currency is linked to that of the currency of the United States or a material change in the value of Hong Kong dollars or of the Renminbi against any foreign currencies) or the implementation of any exchange control in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, any member of the European Union, Japan, Singapore or any other jurisdiction relevant to any member of our Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(b) the imposition or declaration of 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 shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(c) the imposition or declaration of any general moratorium on commercial banking activities or foreign exchange trading or securities settlement or clearance services 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) 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 those places or any of the Relevant Jurisdictions; or

(d) any new laws, or any change or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authority, of existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(e) a change or development involving a prospective change in or affecting taxation or currency exchange rates or foreign investment regulations in or affecting any of the Relevant Jurisdictions; or

(f) any litigation or claim of any third party being threatened or instigated against any member of our Group or any Director or any of the Controlling Shareholders; or

(g) the chairman or chief executive officer of our Company vacating his office; or

(h) any event which gives rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions of the Hong Kong Underwriting Agreement; or

(i) any adverse change or development involving a prospective adverse change in the assets, liabilities, conditions, business, prospects (financial or otherwise), earnings, profits, losses or financial or trading position of our Group taken as a whole and/or any member of our Group which has a substantial business operation; or

(j) an authority or a judicial, political, regulatory body or organization in any of the Relevant Jurisdictions commencing any investigation, claims, proceedings or other action, or announcing an intention to investigate or take other action, against any member of our Group or any Director or any of the Controlling Shareholders; or

(k) any contravention by any member in our Group or any Director or any of the Controlling Shareholders of any applicable laws (including, without limitation, the Listing Rules); 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) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus, the Application Forms, preliminary offering circular or final offering circular or other documents in connection with the 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) any change or development involving a prospective change which has the effect of materialization of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(o) an order or petition is presented for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding up or liquidation of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group or its material assets or undertaking; or

(p) any of our Directors 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) any local, national, regional or international event, or series of events, or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, lock-outs, economic sanctions, strikes, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting; or

(r) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) (1) has or will have or may have or is likely to 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 (2) has or will have or may have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the

Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make or is likely to make it inadvisable or inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering to be performed or implemented or proceed or to market the Global Offering, or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, the formal notice, the preliminary offering circular or the final offering circular; or (4) 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 materially delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Sole Global Coordinator:

(a) that any statement contained in this prospectus, the Application Forms, the formal notice, the preliminary offering circular, the final offering circular and/or any notices, announcements, advertisements, communications 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, incomplete, incorrect, inaccurate in any material respect or misleading in any respect or any forecasts, estimate, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, the formal notice, the preliminary offering circular, the final offering circular and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest based on reasonable assumptions or reasonable grounds; 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, constitutes a misleading statement or material omission from this prospectus, the Application Forms, the formal notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(c) either (i) there has been a breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by our Company or the Controlling Shareholders or (ii) any of the representations, warranties and

undertakings given by the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect, incomplete or misleading; or

(d) any material breach of any of the obligations imposed upon any of the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(e) a prohibition on our Company for whatever reason from allotting, issuing or selling the Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or

(f) any expert described under "Statutory and General Information – D. Other Information – 8. Qualifications and consents of experts" in Appendix IV to this prospectus has withdrawn its respective consent (other than the Sole Sponsor) to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(g) any material adverse change or development involving a prospective material adverse change in the assets, business, general affairs, management, shareholder's equity, profits, losses, results of operations, in the position or condition (financial or otherwise) or prospects of any member of our Group taken as a whole, as determined by the Sole Global Coordinator in its sole and absolute discretion; or

(h) the grant by the Listing Committee of the listing of, and permission to deal in, the Shares on the Main Board 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, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(i) our Company has withdrawn this prospectus or the offering circular (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(j) a material portion of the orders in the book-building process have been withdrawn, terminated or cancelled or the investment commitments by any cornerstone investors, have been withdrawn, terminated or cancelled or if any cornerstone investor is unlikely to fulfill its obligation under the respective agreement; or

(k) the Stock Borrowing Agreement is not duly authorized, executed and delivered in accordance with the terms of the Stock Borrowing Agreement and the relevant applicable laws or it is terminated unilaterally.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Group's Controlling Shareholders

By virtue of Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that, they will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not:

(i) in the period commencing on the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which they are shown to be the beneficial owner in this prospectus; and

(ii) in the period of six months commencing from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares to such extent that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our Controlling Shareholders.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that within the period commencing from the date by reference to which disclosure for their shareholders in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

(i) when they pledge or charge any Shares legally and/or beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares 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 above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Except pursuant to the Capitalization Issue, the Global Offering and the exercise of the Over-allotment Option and the issue of Shares thereof, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on and including, the date falling six months after the Listing Date (the "**First Six-Month Period**"), our Company has undertaked to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint 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, make any short 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 any other equity securities of our Company, or any interest in any of the foregoing (including any equity securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company) or deposit any Shares or other equity securities of our 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 any other equity securities of our Company, or any interest in any of the foregoing (including any equity securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any equity securities of our Company); or

(3) enter into any transactions with the same economic effect as any transaction specified in paragraph (1) or (2) above; or

(4) offer to or agree to or announce or announce any intention to effect any transaction specified in paragraph (1), (2) or (3) above,

in each case, whether any of the transactions specified in paragraph (1), (2) or (3) above is to be settled by delivery of Shares or such other equity securities of our Company 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**"), our Company shall not enter into any of the transactions specified in paragraph (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 controlling shareholder (within the meaning defined in the Listing Rules) of our Company. The Company further agrees that, at any time during the Second Six-Month Period, in the event that our Company enters into any of the transactions specified in paragraph (1), (2) or (3) above or offers to or agrees to or announces, any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or any other equity securities of our Company. Each of the Controlling Shareholders jointly and severally has undertaked to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings specified above.

(B) Undertaking by the Controlling Shareholders

Each of the Controlling Shareholders has undertaked to each of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except as pursuant to the Global Offering, the Stock Borrowing Agreement and the exercise of the Over-allotment Option and the issue of the Shares thereof, 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) at any time during the First Six-Month Period, he/it will not, (i) sell, offer to sell, contract or agree to sell, mortgage, pledge, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, make short 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 any other securities of our Company or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or

exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company or any interest in any of the foregoing) (the foregoing restriction is expressly agreed to preclude the Controlling Shareholders from engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares), 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 (legal or beneficial) of the Shares or any other securities of our Company or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period);

(2) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraph (1)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of our Company; and

(3) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in paragraph (1) (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, he/it will take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or other securities of our Company,

provided that, subject to strict compliance with any requirements of applicable laws (including, without limitation and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant authority), nothing specified above shall prevent any of the Controlling Shareholders from using Shares or other securities of our Company beneficially owned by it after consummation of the Global Offering as security in favor of an authorized institution (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 (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the Sole Global Coordinator (on behalf of the International Underwriters), exercisable in whole or in part by the Sole Global Coordinator 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 26,250,000 Shares, representing 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.

Commissions and Expenses

The Hong Kong Underwriters will receive an underwriting commission per Offer Share of 2.25% of the Offer Price from our Company in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering) and the International Underwriters are expected to receive an underwriting commission per Offer Share of 2.25% of the Offer Price from our Company in respect of the International Offer Shares. Our Company may, at our sole and absolute discretion, pay an incentive fee up to 1.0% of the Offer Price per Offer Share to one or more of the Underwriters.

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$59.47 million (assuming an Offer Price of HK$3.33 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 sponsor 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 the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and

trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to our Shares, the activities of the Syndicate Members and their affiliates 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, including as a lender to initial purchasers of our Shares (whose financing may be secured by our Shares) in the Global Offering, 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. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. 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.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 17,500,000 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 157,500,000 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 in the paragraph headed "– The International Offering" 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 will represent approximately 25% of our enlarged share capital immediately after the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.71% of our enlarged share capital immediately after the completion of the Global Offering.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 17,500,000 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. The number of Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.5% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities 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

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

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 referred to below) will 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 the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph 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 under the Hong Kong Public Offering and any application for more than 8,750,000 Hong Kong Offer Shares (being 50% of the 17,500,000 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 under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback requirements to be put in place which

would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering.

As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 52,500,000 Offer Shares (in the case of (i)), 70,000,000 Offer Shares (in the case of (ii)) and 87,500,000 Offer Shares (in the case of (iii)), representing 30%, 40%, and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may, at 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.

If the Hong Kong Public Offering is not fully subscribed and the International Offering is fully or over subscribed, 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. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless fully underwritten by the Underwriters under the terms and conditions of the Underwriting Agreements.

The Sole Global Coordinator may, at its discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL-91-18. In the event that (i) the International Offer Shares are under-subscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HK$2.78 (low-end of the Offer Price range), up to 17,500,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 35,000,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/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$3.88 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "– Pricing and Allocation" in this section below, is less than the maximum price of HK$3.88 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, see "How to Apply for Hong Kong Offer Shares".

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

The International Offering will consist of an offering of initially 157,500,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent 22.5% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S under the U.S. Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "– 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 Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the 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 allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the 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.

Over-allotment Option

In connection with the Global Offering, we expect to grant the Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 26,250,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price, under the International Offering, to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent 3.61% 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.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the initial public market price of the securities below the offer

price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, as stabilizing manager, for itself and 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 taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of our Company, 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 will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. 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 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) above.

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 or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Share.

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 Stabilizing Manager, 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 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.

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 up to 26,250,000 Shares (being the maximum number of the Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Kangqiaoyue Shenghuo BVI under the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager or any person acting for it, and Kangqiaoyue Shenghuo BVI on or around the Price Determination Date.

If the Stock Borrowing Agreement with Kangqiaoyue Shenghuo BVI is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager, or any person acting for it, for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of the Shares so borrowed must be returned to Kangqiaoyue Shenghuo BVI or its nominees, as the case may be, on or before the third Business Day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Kangqiaoyue Shenghuo BVI by the Stabilizing Manager, or any person acting for it, 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 prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between 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 Friday, July 9, 2021 and in any event no later than Wednesday, July 14, 2021.

The Offer Price will not be more than HK$3.88 per Offer Share and is expected to be not less than HK$2.78 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. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$3.88 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. 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.

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause them to be published on the website

of our Company (**www.kqysh.com.cn**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction. We will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, 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 and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice and supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Thursday, July 15, 2021 on the website of our Company (**www.kqysh.com.cn**) and the website of the Stock Exchange (**www.hkexnews.hk**).

UNDERWRITING

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

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(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 Hong Kong Underwriters under the Hong Kong Underwriting Agreements and the obligations of the International Underwriters under the International Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the 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 dates and times 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.kqysh.com.cn**) and the website of the Stock Exchange (**www.hkexnews.hk**) on the next day following such lapse. In such a situation, 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 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 Listing Committee for the 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.

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

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

If the Stock Exchange grants approval for the listing of, and permission to deal in, our Shares and the Company complies 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.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, July 16, 2021 it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, July 16, 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 2205.

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;
- you are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- you are a close associate of any of the above; or
- you have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **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 Friday, July 9, 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

Haitong International Securities Company Limited	22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Sheng Yuan Securities Limited	Room 2202, 22/F. No. 238 Des Voeux Road Central Hong Kong
Shenwan Hongyuan Securities (H.K.) Limited	Level 19 28 Hennessy Road Hong Kong
DL SECURITIES (HK) LIMITED	Flat 01 28/F Vertical Square 28 Heung Yip Road Wong Chuk Hang Hong Kong
Guosen Securities (HK) Capital Company Limited	Suites 3207-3212 on Level 32 One Pacific Place 88 Queensway Hong Kong
Futu Securities International (Hong Kong) Limited	Unit C1-2 13/F, United Centre No.95 Queensway Admiralty Hong Kong
Livermore Holdings Limited	Unit 1214A 12/F Tower II Cheung Sha Wan Plaza 833 Cheung Sha Wan Road Kowloon, Hong Kong
Opus Capital Limited	18/F Fung House 19-20 Connaught Road Central Central Hong Kong

(ii) any of the designated branches of the following receiving bank:

China Construction Bank (Asia) Corporation Limited

Area	Branch Name	Address
Hong Kong	Wanchai Flagship	G/F Prime Mansion 183-187 Johnston Road Wanchai
Kowloon	Cheung Sha Wan Branch	Unit G02, G/F Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon
	Kowloon Bay CCB Centre Consumer Branch	G/F, CCB Centre, 18 Wang Chiu Road, Kowloon Bay
New Territories	Shatin Plaza Branch	Shop 5, Level 1, Shatin Plaza, Shatin, New Territories, 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 Friday, July 9, 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 "CCB Nominees Limited – Kangqiao Service Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

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 5:00 p.m.
Friday, July 9, 2021 – 9:00 a.m. to 12:00 noon

The application for the Hong Kong Offer Shares will commence on Tuesday, June 29, 2021 through Friday, July 9, 2021, being longer than normal market practice of four days.

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, July 9, 2021, the last application day for applications 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 Ordinance, 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 bank, 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 "– 2. Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you 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 through the designated website 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 Friday, July 9, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, July 9, 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** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment of Sustainability

The obvious advantage of **White Form eIPO** service 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 "Kangqiao Service Group Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the 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 is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any 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 bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving of **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, July 7, 2021 – 8:00 a.m. to 8:30 p.m.
Thursday, July 8, 2021 – 8:00 a.m. to 8:30 p.m.
Friday, July 9, 2021 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, June 29, 2021 until 12:00 noon on Friday, July 9, 2021 (24 hours daily, except on Friday, July 9, 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, July 9, 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.

Note:

(1) These times in this sub-section 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.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **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 Friday, July 9, 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 Friday, July 9, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, July 9, 2021 or if there is a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected Timetable" section, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, July 15, 2021 on our Company's website at **www.kqysh.com.cn** 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.kqysh.com.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, July 15, 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 Thursday, July 15, 2021 to 12:00 midnight on Wednesday, July 21, 2021;
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Thursday, July 15, 2021, Friday, July 16, 2021, Monday, July 19, 2021, and Tuesday, July 20, 2021;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, July 15, 2021 to Saturday, July 17, 2021 at all the receiving bank's 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" section.

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 Listing Committee 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% 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 the section headed "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 Thursday, July 15, 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 arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund checks and Share certificates are expected to be posted on or before Thursday, July 15, 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 Friday, July 16, 2021 provided that the Global Offering has become unconditional and the right of termination described in the section "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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, July 15, 2021 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to 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 by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, July 15, 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 refund check(s) collection. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Thursday, July 15, 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 Thursday, July 15, 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 Thursday, July 15, 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, July 15, 2021 or such other date as notified by our Company in the newspapers 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 Thursday, July 15, 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 Thursday, July 15, 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 Thursday, July 15, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, July 15, 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 Thursday, July 15, 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 Thursday, July 15, 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 Sole 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.

羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF KANGQIAO SERVICE GROUP LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Kangqiao Service Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-66 which comprises the combined balance sheets as at 31 December 2018, 2019 and 2020, the balance sheet of the Company as at 31 December 2020, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined 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-66 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 combined financial position of the Group as at 31 December 2018, 2019 and 2020 and of its combined financial performance and its combined cash flows for each of the years then ended 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 26 to the Historical Financial Information which states that no dividends have been paid by Kangqiao Service 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

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the historical financial information which forms an integral part of this accountant's report.

The combined 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.

Combined statements of comprehensive income

	Note	Year ended 31 December 2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	228,946	362,840	575,585
Cost of sales	*8*	(174,975)	(251,804)	(399,041)
Gross profit		53,971	111,036	176,544
Administrative expenses	*8*	(18,389)	(19,952)	(39,753)
Selling and marketing expenses	*8*	(5,675)	(9,449)	(10,778)
Net impairment losses on financial assets	*3.1.2*	(1,747)	(1,665)	(2,701)
Other income	*7*	3,345	5,917	21,344
Other (losses)/gains – net		(37)	–	1
Operating profit		31,468	85,887	144,657
Finance income		1,048	293	414
Finance costs		(3,524)	(5,806)	(21,113)
Finance costs – net	*10*	(2,476)	(5,513)	(20,699)
Share of loss of investments accounted for using the equity method		–	–	(57)
Profit before income tax		28,992	80,374	123,901
Income tax expenses	*11*	(7,285)	(20,227)	(32,117)
Profit for the year		21,707	60,147	91,784
Profit attributable to:				
– Owners of the Company		21,813	60,179	88,383
– Non-controlling interests		(106)	(32)	3,401
		21,707	60,147	91,784
Other comprehensive income		–	–	–
Total comprehensive income for the year		21,707	60,147	91,784
Total comprehensive income attributable to:				
– Owners of the Company		21,813	60,179	88,383
– Non-controlling interests		(106)	(32)	3,401
		21,707	60,147	91,784
Earnings per share				
– Basic and diluted	*12*	N/A	N/A	N/A

Combined balance sheets

	Note	As at 31 December 2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property and equipment	*13*	2,930	7,968	9,068
Investment properties	*14*	3,071	5,194	5,705
Intangible assets	*15*	1,582	17,324	20,862
Right-of-use assets	*25*	3,116	3,060	3,377
Investments accounted for using the equity method		–	–	198
Deferred income tax assets	*24*	2,263	3,485	6,544
Restricted cash	*19*	100	100	1,324
		13,062	37,131	47,078
Current assets				
Trade and other receivables and prepayments	*17*	212,589	338,185	719,473
Cash and cash equivalents	*18*	24,523	57,441	134,758
		237,112	395,626	854,231
Total assets		250,174	432,757	901,309
EQUITY				
Equity attributable to owners of the Company				
Combined capital	*20*	5,000	5,000	5,000
Statutory reserves	*21*	2,505	2,515	2,982
Retained earnings		23,897	50,066	137,982
		31,402	57,581	145,964
Non-controlling interests		94	6,067	21,052
Total equity		31,496	63,648	167,016

	Note	As at 31 December 2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Bank borrowings	*22*	–	7,200	221,119
Lease liabilities	*25*	5,527	8,659	7,305
Deferred income tax liabilities	*24*	–	1,971	1,756
		5,527	17,830	230,180
Current liabilities				
Contract liabilities	*6*	43,698	69,684	108,316
Trade and other payables	*23*	113,775	209,167	225,506
Current income tax liabilities		6,680	21,375	38,546
Bank borrowings	*22*	47,000	47,900	125,865
Lease liabilities	*25*	1,998	3,153	5,880
		213,151	351,279	504,113
Total liabilities		218,678	369,109	734,293
Total equity and liabilities		250,174	432,757	901,309

Balance sheet of the Company

	Note	As at 31 December 2020
		RMB'000
ASSETS		
Current assets		
Prepayments	*17*	2,126
Total assets		2,126
EQUITY		
Equity attributable to owners of the Company		
Share capital	*20*	–
Accumulated losses		(4,015)
Total equity		(4,015)
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries		6,141
Total liabilities		6,141
Total equity and liabilities		2,126

Combined statements of changes in equity

		Attributable to owners of the Company					
	Note	**Combined capital**	**Statutory reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000 (Note 20)	*RMB'000 (Note 21)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2018		5,000	534	4,055	9,589	–	9,589
Total comprehensive income for the year							
Profit/(loss) for the year		–	–	21,813	21,813	(106)	21,707
Transactions with owners in their capacity as owners:							
Appropriation of statutory reserves	*21*	–	1,971	(1,971)	–	–	–
Contribution from non-controlling interests		–	–	–	–	200	200
Balance as at 31 December 2018		5,000	2,505	23,897	31,402	94	31,496
Balance as at 1 January 2019		5,000	2,505	23,897	31,402	94	31,496
Total comprehensive income for the year							
Profit/(loss) for the year		–	–	60,179	60,179	(32)	60,147
Transactions with owners in their capacity as owners:							
Appropriation of statutory reserves	*21*	–	10	(10)	–	–	–
Acquisition of a subsidiary	*29*	–	–	–	–	6,005	6,005
Dividends to the then shareholders of a subsidiary	*26*	–	–	(34,000)	(34,000)	–	(34,000)
Balance as at 31 December 2019		5,000	2,515	50,066	57,581	6,067	63,648

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Combined capital	Statutory reserves	Retained earnings	Total		
		RMB'000 (Note 20)	*RMB'000 (Note 21)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2020		5,000	2,515	50,066	57,581	6,067	63,648
Total comprehensive income for the year							
Profit for the year		–	–	88,383	88,383	3,401	91,784
Transactions with owners in their capacity as owners:							
Appropriation of statutory reserves		–	467	(467)	–	–	–
Acquisition of subsidiaries	*29*	–	–	–	–	9,589	9,589
Contribution from non-controlling interests		–	–	–	–	1,995	1,995
Balance as at 31 December 2020		5,000	2,982	137,982	145,964	21,052	167,016

Combined statements of cash flows

	Note	Year ended 31 December 2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*27*	36,845	43,760	73,498
Interest received from bank deposits	*10*	1,048	293	414
Income tax paid		(2,997)	(7,297)	(18,221)
Net cash generated from operating activities		34,896	36,756	55,691
Cash flows from investing activities				
Loans to related parties		(47,000)	(45,000)	(345,000)
Loans repaid by related parties		27,000	47,000	88,374
Cash advances to related parties		(64,156)	(32,968)	(131,610)
Repayments of cash advances by related parties		256	31,111	149,970
Repayments of cash advances by non-controlling interests		–	–	14,462
Loan to a third party		–	–	(7,500)
Loan repaid by a third party		–	–	7,500
Interest received from loans to related parties and third parties		3,108	4,685	10,730
Purchases of property and equipment and intangible assets		(1,373)	(1,186)	(2,475)
Proceeds from disposal of property and equipment		13	1	2
Payments for investments accounted for using the equity method		–	–	(255)
Acquisition of subsidiaries, net of cash acquired	*29*	–	(1,057)	1,385
Net cash (used in)/generated from investing activities		(82,152)	2,586	(214,417)
Cash flows from financing activities				
Proceeds from bank borrowings		47,000	45,000	354,731
Repayments of bank borrowings		(27,000)	(47,000)	(62,847)
Cash advances from third parties		–	–	40,238
Repayments of cash advances from third parties		–	–	(40,238)
Interest paid		(2,967)	(4,399)	(18,726)
Settlements of the principal element of lease liabilities		–	(25)	(3,289)
Dividend paid		–	–	(34,000)
Payments for listing expenses		–	–	(1,821)
Contribution from non-controlling interests		200	–	1,995
Net cash generated from/(used in) financing activities		17,233	(6,424)	236,043
Net (decrease)/increase in cash and cash equivalents		(30,023)	32,918	77,317
Cash and cash equivalents at beginning of year		54,546	24,523	57,441
Cash and cash equivalents at end of year		24,523	57,441	134,758

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Kangqiao Service Group Limited (the "Company") was incorporated in the Cayman Islands on 8 October 2020 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The address of its registered office is Floor 4, Willow House, Cricket Square, Grand Cayman, KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in provision of property management services and related value-added services in the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate controlling shareholder of the Group is Mr. Song Gewei ("Mr. Song", the "Controlling Shareholder").

1.2 Reorganisation

Prior to the reorganisation (as defined below) and during the Track Record Period, the Listing Business was principally operated by Kangqiao Yueshenghuo Service Group Co., Ltd. ("Kangqiao Yueshenghuo") and its subsidiaries, and Kangqiao Technology Service Group Co., Ltd. ("Kangqiao Technology Service") and its subsidiary, which were incorporated in the PRC (together, the "Operating Companies") and ultimately controlled by Mr. Song.

In preparation for the initial public offering and listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), a group reorganisation was undertaken under which the Listing Business was transferred to the Company (the "Reorganisation"). The Reorganisation mainly involved the followings:

1.2.1 Incorporation of holding companies by Mr. Song

On 28 September 2020, Kangqiao Taichen Holdings Limited ("Kangqiao Taichen BVI") was incorporated in the British Virgin Islands ("BVI") with 100 ordinary shares allotted and issued to Mr. Song.

On 29 September 2020, Kangqiaoyue Shenghuo Holdings Limited ("Kangqiaoyue Shenghuo BVI") was incorporated in the BVI with 100 ordinary shares allotted and issued to Kangqiao Taichen BVI.

1.2.2 Incorporation of the Company

On 8 October 2020, the Company was incorporated in the Cayman Islands with one subscriber share allotted and issued. On the same date, the subscriber share of the Company was transferred to Kangqiaoyue Shenghuo BVI and 99 ordinary shares of the Company were allotted and issued to Kangqiaoyue Shenghuo BVI.

1.2.3 Incorporation of intermediate holding companies by the Company

On 15 October 2020, Kangqiaoyue Service Holdings Limited ("Kangqiaoyue Service") was incorporated in the BVI with limited liability and was authorised to issue no more than 50,000 ordinary shares of USD1 each. On the same day, Kangqiaoyue Service allotted and issued 100 ordinary shares to the Company at par value of USD1. Since then, Kangqiaoyue Service became a direct wholly owned subsidiary of the Company.

On 6 November 2020, Hong Kong Kangqiao Service Group Limited ("Hong Kong Kangqiao") was incorporated in Hong Kong with 100 shares allotted and issued to Kangqiaoyue Service at par value of HK$100.

On 1 December 2020, Henan Kangqiao Yueshenghuo Business Service Co., Ltd. ("Henan Kangqiao Yueshenghuo") was established in the PRC with registered capital of RMB10,000,000 contributed by Hong Kong Kangqiao.

1.2.4 Acquisition of all equity interest of Kangqiao Technology Service by Kangqiao Yueshenghuo

On 21 October 2020, Kangqiao Yueshenghuo acquired the entire equity interest of Kangqiao Technology Service at nil consideration. Since then, Kangqiao Technology Service became a direct wholly owned subsidiary of Kangqiao Yueshenghuo.

1.2.5 Transfer of the equity interest of Kangqiao Yueshenghuo to the Group

(i) Capital Injection into Kangqiao Yueshenghuo by an independent third party

On 6 March 2020, Friend Holdings Limited ("Friend Holdings") was incorporated in the BVI with one share allotted and issued at a par value of USD1 to New Hefeng Holdings Limited ("New Hefeng"), a company wholly owned by an independent third party.

On 11 May 2020, Keanda Holdings Limited ("Keanda Holdings") was incorporated in Hong Kong with limited liability. On the same day, Keanda Holdings allotted and issued one ordinary share to Friend Holdings at HK$1.

On 4 January 2021, Keanda Holdings acquired 5% of the equity interests in Kangqiao Yueshenghuo from Henan Boyuan Quanjing Enterprise Consulting Co., Ltd. ("Henan Boyuan") via capital injection at a cash consideration of RMB19,103,800. The consideration was settled on 11 January 2021. Kangqiao Yueshenghuo then became ultimately owned by Mr. Song and the independent third party as to 95% and 5%, respectively.

(ii) Transfer of 95% equity interest in Kangqiao Yueshenghuo to the Group

On 27 January 2021, Henan Kangqiao Yueshenghuo acquired 95% of the equity interests in Kangqiao Yueshenghuo from Henan Boyuan at considerations of RMB5,000,000. Kangqiao Yueshenghuo then was owned by Henan Kangqiao Yueshenghuo and Keanda Holdings as to 95% and 5%, respectively.

(iii) Acquisition of Friend Holdings and transfer of shares in the Company

On 28 January 2021, New Hefeng transferred the entire shareholding in Friend Holdings it held to the Company in exchange for the allotment and issue of 10 shares in the Company to New Hefeng. Friend Holdings then became a direct wholly-owned subsidiary of the Company. Upon completion of such share transfer, the Company was owned as to 95% and 5% by Kangqiaoyue Shenghuo BVI and New Hefeng, respectively.

Particulars of the principal subsidiaries of the Group upon completion of the Reorganisation on 28 January 2021 are set out as below.

Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Attributable equity interest of the Group as at 31 December 2018	31 December 2019	31 December 2020	Date of this report	Principal activities and place of operation	Name of statutory auditors and periods covered
Directly owned:								
Kangqiaoyue Service 康橋悅服務有限公司	BVI, 15 October 2020	USD50,000	Not applicable	Not applicable	100%	100%	Investment holding in the BVI	*Note (iii)*
Friend Holdings 弗侖德控股有限公司	BVI, 6 March 2020	USD1	Not applicable	Not applicable	Not applicable	100%	Investment holding in the BVI	*Note (iii)*
Indirectly owned:								
Keanda Holdings 科安達有限公司	Hong Kong, 11 May 2020	HK$1	Not applicable	Not applicable	Not applicable	100%	Investment holding in Hong Kong	*Note (iii)*
Hong Kong Kangqiao 香港康橋悅服務集團有限公司	Hong Kong, 6 November 2020	HK$100	Not applicable	Not applicable	100%	100%	Investment holding in Hong Kong	*Note (iii)*
Henan Kangqiao Yueshenghuo 河南康橋悅生活商務服務有限公司	PRC, 1 December 2020	RMB10,000,000	Not applicable	Not applicable	100%	100%	Investment holding in PRC	*Note (iii)*
Kangqiao Yueshenghuo* 康橋悅生活服務集團有限公司	The PRC, 31 August 2007	RMB50,000,000	100%	100%	100%	100%	Property Management Services in Henan	Henan Dahuihe Certified Public Accountants GP 河南大會合會計師事務所(普通合夥) Each of the two years ended 31 December 2019 *Note (iii)*
Henan Kangjia Junpinle Catering Service Co., Ltd.* 河南康家君品樂餐飲服務有限公司	The PRC, 17 May 2017	RMB10,000,000	100%	100%	100%	100%	Catering Service in Henan	*Note (i)*
Henan Kangqiao Jiahe Property Service Co., Ltd.* 河南康橋嘉和物業服務有限公司	The PRC, 25 December 2017	RMB3,000,000	60%	60%	60%	60%	Property Management Services in Henan	*Note (i)*

Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Attributable equity interest of the Group as at 31 December 2018	31 December 2019	31 December 2020	Date of this report	Principal activities and place of operation	Name of statutory auditors and periods covered
Henan Yuxi Real Estate Marketing Planning Co., Ltd.* 河南予禧房地產營銷策劃有限公司	The PRC, 14 March 2018	RMB10,000,000	100%	100%	100%	100%	Real Estate Marketing Planning in Henan	*Note (i)*
Henan Kangqiao Zhufu Property Service Co., Ltd.* 河南康橋祝福物業服務有限公司	The PRC, 2 September 2019	RMB5,000,000	Not applicable	60%	60%	60%	Property Management Services in Henan	*Note (ii)*
Henan Kangyun Youxuan Business Management Co., Ltd.* 河南康雲優選商業管理有限公司	The PRC, 24 September 2019	RMB5,000,000	Not applicable	100%	100%	100%	Business Management in Henan	*Note (ii)*
Luohe Suho Property Service Co., Ltd. ("Luohe Suho Property")* 漯河市蘇荷物業服務有限公司	The PRC, 22 November 2013	RMB1,100,000	Not applicable	Not applicable	51%	51%	Property Management Services in Henan	*Note (iii) and (v)*
Henan Kangqiao Taichen Property Management Co., Ltd.* 河南康橋泰宸物業管理有限公司	The PRC, 24 September 2019	RMB5,000,000	Not applicable	100%	100%	100%	Property Management Services in Henan	*Note (ii)*
Henan Kangqiao Yuejin Property Service Co., Ltd.* 河南康橋悅錦物業服務有限公司	The PRC, 10 June 2020	RMB1,000,000	Not applicable	Not applicable	70%	70%	Property Management Services in Henan	*Note (iii)*
Henan Kangqiao Property Service Co., Ltd.* 河南康橋物業服務有限公司	The PRC, 28 July 2020	RMB10,000,000	Not applicable	Not applicable	100%	100%	Property Management Services in Henan	*Note (iii)*
Henan Kangqiao Zhuyou Property Services Co., Ltd.* 河南康橋住友物業服務有限公司	The PRC, 26 August 2020	RMB3,000,000	Not applicable	Not applicable	67%	67%	Property Management Services in Henan	*Note (iii)*

Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Attributable equity interest of the Group as at 31 December 2018	31 December 2019	31 December 2020	Date of this report	Principal activities and place of operation	Name of statutory auditors and periods covered
Zhejiang Lansheng Property Service Co., Ltd. ("Zhejiang Lansheng")* 浙江藍盛物業服務有限公司	The PRC, 7 February 2012	RMB12,000,000	Not applicable	51%	51%	51%	Property Management Services in Zhejiang	Hangzhou Kejia Certified Public Accountants GP 杭州科佳會計師事務所(普通合夥) The year ended 31 December 2019 *(Note (iii) and (iv))*
Zhengzhou Kangqiao Guotou Technology Industry Service Co., Ltd. (Previously named as: Zhengzhou Zhengran Property Management Co., Ltd, "Zhengzhou Zhengran") 鄭州康橋國投科技產業服務有限公司 (曾用名: 鄭州鄭燃物業管理有限公司)	The PRC, 10 June 2002	RMB8,580,000	Not applicable	Not applicable	51%	51%	Property Management Services in Zhengzhou	*Note (iii) and (vi)*
Zhengzhou Jixiang Property Management Co., Ltd. ("Zhengzhou Jixiang") 鄭州吉祥物業管理有限責任公司	The PRC, 23 October 2001	RMB3,270,000	Not applicable	Not applicable	51%	51%	Property Management Services in Zhengzhou	*Note (iii) and (vi)*
Kangqiao Technology Service 康橋科技服務集團有限公司	The PRC, 25 February 2020	RMB50,000,000	Not applicable	Not applicable	100%	100%	Technology development services in Zhengzhou	*Note (iii)*

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(i) No statutory audited financial statements have been issued for the years ended 31 December 2018, 2019 and 2020 since there's no such regulatory requirement.

(ii) No statutory audited financial statements have been issued for the years ended 31 December 2019 and 2020 since there's no such regulatory requirement.

(iii) No statutory audited financial statements have been issued for the year ended 31 December 2020 since there's no such regulatory requirement.

(iv) In December 2019, the Group completed its acquisition of 51% of the equity interests in Zhejiang Lansheng.

(v) In January 2020, the Group completed its acquisition of 51% of the equity interests in Luohe Suho Property.

(vi) In October 2020, the Group completed its acquisition of 51% of the equity interest in Zhengzhou Zhengran and Zhengzhou Jixiang. In March 2021, Zhengzhou Zhengran Property Management Co., Ltd was renamed as Zhengzhou Kangqiao Guotou Technology Industry Service Co., Ltd..

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is ultimately controlled and held by Mr. Song. The Listing Business is mainly conducted through the Operating Companies. Pursuant to the Reorganisation, the Listing Business is 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 recapitalisation of the Listing Business with no change in management of such business and the ultimate controlling shareholder of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under the Operating Companies. For the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the combined financial statements of the Operating Companies, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business under the combined financial statements of the Operating Companies for all periods presented.

For companies acquired from or disposed to third parties during each of the years ended 31 December 2018, 2019 and 2020, they are included in or excluded from the combined financial statements of the Group from the respective date of the acquisition or disposal.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

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 presented, unless otherwise stated. HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" which are effective for the accounting period beginning on 1 January 2018 and HKFRS 16 "Leases" which is effective for the accounting period beginning on 1 January 2019 have been consistently applied by the Group 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 ("HKFRS") issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

(i) New standards and amendments to standards that have been issued but are not effective

Standards and amendments that have been issued but not yet effective for the Track Record Period and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKFRS 3	Update reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Property, plant and equipment	1 January 2022
Amendments to HKAS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
Annual Improvements	Annual improvements to HKFRS standards 2018-2020 cycle	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint ventures	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 financial performance and position of the Group is expected when they become effective.

2.2 Principles of combination and equity accounting

2.2.1 Subsidiaries

A subsidiary is an entity (including a structured entity) 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ("NCI") in the results and equity of subsidiaries are shown separately in the combined statements of comprehensive income, combined statements of changes in equity and combined balance sheets respectively.

2.2.2 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with NCI that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

2.2.3 Investments accounted for using the equity method

(i) Associates

Associates are 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 (see (iii) below), after initially being recognised at cost.

(ii) Joint ventures

Interests in joint ventures are accounted for using the equity method (see note (iii) below), after initially being recognised at cost in the combined balance sheet.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

2.3 Business combination

The acquisition method of accounting is used to account for all business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group, if any
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any NCI in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any NCI in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Historical Financial Information are presented in RMB, which is the Group's presentation currency. The Company's functional currency is Hong Kong Dollar ("HK$").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. 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 as finance income/(costs). All other foreign exchange gains and losses are presented on a net basis with in other gains/(losses).

(c) Group entities

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;
- income and expenses of each statement of comprehensive income of the group entities are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.7 Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. 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 the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

– Office premises	31 years
– Vehicles	4-6 years
– Furniture and fixtures	3-6 years
– Leasehold improvements	shorter of 3 years or lease term

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 and are recognised within "other losses – net" in the combined statements of comprehensive income.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (5 years).

(c) Customer relationships and backlog

Customer relationships and backlog acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations and backlog have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 120 to 156 months for the customer relationships and backlog, which is determined by considering the existing conditions and possibilities of renewal of the property management contracts by reference with industry experiences, or based on the remaining contract period pursuant to the term set out in the property management contracts at the acquisition date.

2.9 Impairment of non-financial assets

Goodwill and 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 flows (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.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at 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.

2.10.2 Recognition and measurement

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.

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. The Group only held debt instruments classified as financial assets at amortised costs.

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. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the combined statement of comprehensive income when the asset is derecognised or impaired.

2.10.3 Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be 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.

2.10.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the combined 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 realize the assets and settle the liabilities 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 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 business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 17 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.12 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.

2.13 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.

2.14 Trade and other payables

Trade payables and other payables represent liabilities for goods or services that have been acquired in the ordinary course of business from suppliers and amounts to be repaid from the Group to its counterparties. These amounts are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount 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 capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the 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 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 reporting period.

2.16 Borrowing costs

All borrowing costs are recognised in the combined statements of comprehensive income in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised as "income tax expenses" in the combined statements of comprehensive income, 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.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 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) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are 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 statement of financial position.

2.19 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.

2.20 Revenue recognition

The Group provides property management services, value-added services to non-property owners and community value-added services. Revenue is recognised in the accounting period in which the services are rendered. Depending on the terms of the contracts and the laws that apply to the contract, services may be recognised over time or at a point in time.

– 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 bill and that corresponds directly with the value of performance completed. The Group primarily generate revenue from property management services income from properties managed under lump sum basis, the Group entitles to revenue at the value of property management services fee received or receivable.

– Value-added services to non-property owners mainly include (i) sales office 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 bill and that corresponds directly with the value of performance completed. (ii) pre-delivery services providing designing, construction management planning, property inspection and pre-delivery advices to property developers which are recognised as revenue at a point in time when such services are rendered and accepted by the customer; (iii) sales agency services provided to property developers to facilitate the selling of properties which are recognised as revenue at a point in time when such services are rendered; (iv) construction site management services provided to property developers to safeguard the construction site which are recognised as revenue over time when such service are rendered, and (v) consultancy services provided to other property management companies which are recognised as revenue when such services are rendered and accepted by the customer.

– Community value-added services revenue mainly include (i) income from the provision of second-hand property transaction assistance services for property owners, which is recognised on a net basis when the sales or rental contracts are signed; (ii) rental income from sub-lease of carparks and other spaces leased from property developers recognised on straight line basis over the lease period; (iii) sales agency income for assisting in selling the rights of carpark spaces owned by property developers, which are recognised when the underlying sales contracts are signed, and (iv) revenue from other community convenience services recognised when the relevant services are rendered.

If a contract contains multiple services, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the 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.

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.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

When the difference between the transfer of the promised goods or services to customer and the payment by the customer is considered significant and implied financing components contained in certain contracts, the Group adjust the transaction price for the time value of money.

2.21 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the combined statement of comprehensive income as "other income" (Note 7).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

2.22 Leases

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use assets (Note 25) and investment properties (Note 14) and corresponding liabilities at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Rental income from operating leases where the Group is a lessor is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the balance sheet based on their nature.

2.23 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.

2.24 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 the combined statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.25 Investment properties

Investment properties, representing commercial properties held under leases, are held for rental yields and are not occupied by the Group. The Group measured its investment properties at cost, including related transaction costs and where applicable borrowing costs. Depreciation is calculated using the straight-line method to allocate their cost over their lease term typically varying from 3 to 8 years.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk for certain interest-bearing cash at banks and restricted cash, loans to related parties and third parties and bank borrowings. Cash at banks and restricted cash at variable rates expose the Group to cash flow interest rate risk. Loans to related parties and third parties and bank borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2018, 2019 and 2020, the cash flow interest rate risk on cash at banks and restricted cash was immaterial.

As at 31 December 2018, 2019 and 2020, the fair value interest rate risk exposure is immaterial to the Group due to the net-off effect of interest income from loans to related parties and interest expenses on bank borrowings.

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the expected credit losses of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(ii) Impairment

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as 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 debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company.

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.

(a) Cash deposits at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks which are with good credit rating or good reputation. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(b) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging. The expected credit losses also incorporate forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the most relevant factors for different group customers (e.g. money supply and population percent change from a year earlier), and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 31 December 2018, 2019 and 2020, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information. As there is no significant change in the business operation of property management service, actual loss rates for trade receivables, customer profile and the adjustments for forward looking macroeconomic data during the years ended 31 December 2018, 2019 and 2020, the change in the expected credit loss rates for the provision matrix is insignificant during years ended 31 December 2018, 2019 and 2020.

The Group assessed that the expected loss rate of trade receivables due from entities controlled by Mr. Song and their joint ventures and associates, and non-controlling interest of the Group and their subsidiaries (the "High-performing Group"), which are mainly property developers, was low considering their financial capacity and payment history with the Group. The directors believe that there is no material credit risk inherent in receivables from them, so the expected loss rate of 0.1% was applied for these trade receivables as below:

	As at 31 December 2018			As at 31 December 2019			As at 31 December 2020		
	Expected loss rate	Gross carrying amount	Loss allowance provision	Expected loss rate	Gross carrying amount	Loss allowance provision	Expected loss rate	Gross carrying amount	Loss allowance provision
		(RMB'000)	*(RMB'000)*		*(RMB'000)*	*(RMB'000)*		*(RMB'000)*	*(RMB'000)*
Trade receivables									
Entities controlled by Mr. Song	0.1%	65,193	65	0.1%	132,272	132	0.1%	247,425	247
Joint ventures and associates of entities controlled by Mr. Song	0.1%	2,614	3	0.1%	10,744	11	0.1%	10,732	11
Non-controlling interest of the Group and their subsidiaries	0.1%	–	–	0.1%	961	1	0.1%	–	–
		67,807	68		143,977	144		258,157	258

As at 31 December 2018, 2019 and 2020, the loss allowance provision for the trade receivables other than those due from the High-performing Group was determined as follows. The expected credit losses below also incorporated forward looking information.

	Up to 180 days	180 to 360 days	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Trade receivables (excluding trade receivables from the High-performing Group)							
At 31 December 2018							
Expected loss rate	1%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	15,489	6,858	6,396	2,027	1,228	586	32,584
Loss allowance provision (RMB'000)	155	343	640	405	614	586	2,743
At 31 December 2019							
Expected loss rate	1%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	32,967	10,726	9,094	3,919	1,231	1,061	58,998
Loss allowance provision (RMB'000)	330	536	909	784	616	1,061	4,236
At 31 December 2020							
Expected loss rate	1%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	58,512	13,288	12,410	7,123	2,885	1,329	95,547
Loss allowance provision (RMB'000)	585	664	1,241	1,425	1,443	1,329	6,687

(c) Other receivables

A summary of the assumptions underpinning the Group's expected credit loss model for other receivables is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing ("Stage 1")	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 ("12 months ECL method")
Underperforming ("Stage 2")	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 30 days past due	Lifetime expected losses
Non-performing ("Stage 3")	Interest and/or principal repayments are 90 days past due	Lifetime expected losses

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables are categorised as follows for assessment purpose:

Group 1 Other receivables due from the entities controlled by Mr. Song

Group 2 Other receivables due from non-controlling interests of the Group and their subsidiaries

Group 3 Performance guarantee deposits paid

Group 4 Other receivables other than those mentioned above

The Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus, the Group used the 12 months ECL method under Stage 1 to assess credit loss of other receivables.

The Group assessed that the expected loss rate of other receivables of Group 1 and Group 2, which are due from the entities controlled by Mr. Song and non-controlling interest of the Group and their subsidiaries who are mainly property developers, was low considering their financial capacity and payment history with the Group. The directors believe that there is no material credit risk inherent in receivables from them, so the expected loss rate for Group 1 and Group 2 is 0.1%.

The deposit receivables represented performance guarantees for the property management projects and will be refunded according to the relevant contract terms. The Group has assessed that the expected credit losses of Group 3 are not significant.

As at 31 December 2018, 2019 and 2020, the loss allowance provision for the other receivables of Group 1 and Group 2 was determined as follows. The expected credit losses below also incorporated forward looking information.

	As at 31 December 2018			As at 31 December 2019			As at 31 December 2020		
	Expected loss rate	Gross carrying amount	Loss allowance provision	Expected loss rate	Gross carrying amount	Loss allowance provision	Expected loss rate	Gross carrying amount	Loss allowance provision
		(RMB'000)	*(RMB'000)*		*(RMB'000)*	*(RMB'000)*		*(RMB'000)*	*(RMB'000)*
Other receivables									
Entities controlled by Mr. Song	0.1%	110,900	111	0.1%	111,136	111	0.1%	357,445	357
Non-controlling interests of the Group and their subsidiaries	0.1%	–	–	0.1%	21,675	22	0.1%	7,444	7
		110,900	111		132,811	133		364,889	364

The Group has assessed that Group 4 is on Stage 1 and has used 12 months ECL method. As of 31 December 2018, 2019 and 2020, the loss allowance of Group 4 was determined as follows:

	Up to 180 days	180 to 360 days	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Other receivables – Group 4							
At 31 December 2018							
Expected loss rate	1%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	2,789	5	6	200	–	2,174	5,174
Loss allowance provision (RMB'000)	28	–	1	40	–	2,174	2,243
At 31 December 2019							
Expected loss rate	1%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	5,207	5	7	6	165	2,180	7,570
Loss allowance provision (RMB'000)	52	–	1	1	83	2,180	2,317

	Up to 180 days	180 to 360 days	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
At 31 December 2020							
Expected loss rate	1%	5%	10%	20%	50%	100%	
Gross carrying amount (RMB'000)	4,580	–	–	–	1	2,175	6,756
Loss allowance provision (RMB'000)	46	–	–	–	1	2,175	2,222

(d) 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*
As at 1 January 2018	1,634	1,784	3,418
Charged to profit or loss	1,177	570	1,747
As at 31 December 2018	2,811	2,354	5,165
As at 1 January 2019	2,811	2,354	5,165
Charged to profit or loss	1,569	96	1,665
As at 31 December 2019	4,380	2,450	6,830
As at 1 January 2020	4,380	2,450	6,830
Charged to profit or loss	2,565	136	2,701
As at 31 December 2020	6,945	2,586	9,531

The directors are of the view that the industrial characteristic factors with regard to trade and other receivables collections have been taken into accounts in the assessment on the expected credit loss rate throughout the years ended 31 December 2018, 2019 and 2020.

As at 31 December 2018, 2019 and 2020, the carrying amounts of trade and other receivables, cash deposits at banks and restricted cash of RMB236,782,000, RMB395,296,000 and RMB853,340,000 represented the Group's maximum exposure to credit losses.

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2018					
Financial liabilities					
Bank borrowings (including interest payments)	48,803	–	–	–	48,803
Lease liabilities (including interest payments)	2,457	1,373	4,003	1,839	9,672
Trade and other payables (excluding accrued payroll and other tax payables)	98,396	–	–	–	98,396
	149,656	1,373	4,003	1,839	156,871
As at 31 December 2019					
Financial liabilities					
Bank borrowings (including interest payments)	50,414	490	7,428	–	58,332
Lease liabilities (including interest payments)	5,297	2,392	5,036	1,161	13,886
Trade and other payables (excluding accrued payroll and other tax payables)	179,415	–	–	–	179,415
	235,126	2,882	12,464	1,161	251,633
As at 31 December 2020					
Financial liabilities					
Bank borrowings (including interest payments)	147,431	152,912	81,858	–	382,201
Lease liabilities (including interest payments)	6,229	3,234	4,354	611	14,428
Trade and other payables (excluding accrued payroll and other tax payables)	148,349	–	–	–	148,349
	302,009	156,146	86,212	611	544,978

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As at 31 December 2018, 2019 and 2020 asset-liability ratio of the Group was as follows:

	As at 31 December		
	2018	2019	2020
Asset-liability ratio	87%	85%	81%

The asset-liability ratio was stable during the Track Record Period.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are 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.

(c) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment annually, or more frequently if events or changes in circumstances predict that goodwill may be impaired, in accordance with the accounting policy stated in Note 2.9, where the recoverable amounts of the cash generating unit ("CGU") is determined based on value-in-use ("VIU") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 15.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2018, 2019 and 2020, the Group is principally engaged in provision of property management services and related value-added services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is same in different regions.

During the years ended 31 December 2018, 2019 and 2020, all the segments are domiciled in the PRC and all the revenue were derived in the PRC.

As at 31 December 2018, 2019 and 2020, substantially all assets of the Group were located in the PRC.

6 REVENUE

Revenue mainly comprises of proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the years ended 31 December 2018, 2019 and 2020 is as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Property management services	132,575	176,839	254,956
Value-added services to non-property owners	66,786	117,226	235,408
Community value-added services	29,585	68,775	85,221
	228,946	362,840	575,585
Timing of revenue recognition			
– Over time	209,008	296,693	408,549
– At a point in time	19,938	66,147	167,036
	228,946	362,840	575,585

For the years ended 31 December 2018, 2019 and 2020, revenue from entities controlled by Mr. Song contributed 25.3%, 32.8% and 38.3% of the Group's revenue, respectively. Other than entities controlled by Mr. Song and their joint ventures and associates, none of the Group's customers contributed 10% or more of the Group's revenue during the years ended 31 December 2018, 2019 and 2020.

(a) 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	42,254	63,744	100,379
– Value-added services to non-property owners	45	–	812
– Community value-added services	1,399	5,940	7,125
	43,698	69,684	108,316

(i) Changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities as at 31 December 2019 and 2020 was mainly due to the growth of the Group's businesses.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward 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	28,325	42,254	63,744
Value-added services to non-property owners	–	45	–
Community value-added services	437	1,399	5,940
	28,762	43,698	69,684

(iii) Unsatisfied performance obligations

For property management services and value-added services to non-property owners whose revenue are recognised 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 or settlement cycle. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management services contracts do not have a fixed term. The term of the contracts with non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(iv) Assets recognised from incremental costs to obtain a contract

During the years ended 31 December 2018, 2019 and 2020, 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*
Interest income from loans to related parties *(Note 30)*	3,108	5,022	18,292
Interest income from loans to third parties	–	–	903
Super deduction of value-added tax	–	745	1,081
Government grants *(Note (a))*	52	98	900
Others	185	52	168
	3,345	5,917	21,344

(a) Government grants mainly consisted of financial support funds granted by the local governments.

8 EXPENSES BY NATURE

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses and labour costs	138,049	188,524	271,588
Greening and cleaning expenses	16,866	32,544	47,404
Utilities	9,140	15,368	19,252
Maintenance and customer service costs	5,571	7,520	16,146
Security service costs	337	6,307	25,210
Sales agency service costs	–	–	19,544
Office expenses	6,482	5,938	10,037
Depreciation of property and equipment *(Note 13)*	1,039	1,085	1,760
Depreciation of right-of-use assets *(Note 25)*	390	439	1,058
Depreciation of investment properties *(Note 14)*	391	935	1,589
Amortisation of intangible assets *(Note 15)*	410	425	1,010
Travelling and entertainment expenses	2,190	2,652	5,499
Rental expenses related to short term leases *(Note 25)*	3,248	2,745	3,093
Legal and professional expenses	103	437	237
Listing expenses	–	–	6,379
Auditors' remuneration	56	27	38
Others	14,767	16,259	19,728
	199,039	281,205	449,572

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	38,159	61,685	141,946
Contribution to pension scheme expenses *(Note (a))*	3,824	4,813	575
Other employee benefits *(Note (b))*	5,940	8,390	11,819
	47,923	74,888	154,340

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The decrease in contributions to retirement benefit scheme in the year ended 31 December 2020 compared to that in the year ended 31 December 2019 was mainly due to the preferential pension compensation policy implemented by the local municipal government to relief negative impact from COVID-19 epidemic.

(b) Other employee benefits mainly include housing benefits and other social insurance, festival welfare, employee medical check and catering expenses.

(c) Directors' emoluments

The remuneration paid or payable to the executive directors of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) during the years ended 31 December 2018, 2019 and 2020 was as follows:

Name	**Fees**	**Salaries and bonus**	**Contributions to a retirement benefit scheme**	**Other allowance and benefits in kind**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018					
Executive directors					
Mr. Dai Wei	–	600	19	24	643
Ms. Wang Na	–	684	38	45	767
Mr. Kang Weiguo	–	470	23	43	536
Non-executive directors					
Mr. Song	–	–	–	–	–
Dr. Li Haitao	–	–	–	–	–
Dr. Fan Yun	–	–	–	–	–
Mr. Wong Yun Pun	–	–	–	–	–
	–	1,754	80	112	1,946

Name	Fees	Salaries and bonus	Contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Executive directors					
Mr. Dai Wei	–	1,200	38	47	1,285
Ms. Wang Na	–	684	38	45	767
Mr. Kang Weiguo	–	621	20	36	677
Non-executive directors					
Mr. Song	–	–	–	–	–
Dr. Li Haitao	–	–	–	–	–
Dr. Fan Yun	–	–	–	–	–
Mr. Wong Yun Pun	–	–	–	–	–
	–	2,505	96	128	2,729
Year ended 31 December 2020					
Executive directors					
Mr. Dai Wei	–	1,200	6	52	1,258
Ms. Wang Na	–	684	6	52	742
Mr. Kang Weiguo	–	672	3	32	707
Non-executive directors					
Mr. Song	–	–	–	–	–
Dr. Li Haitao	–	–	–	–	–
Dr. Fan Yun	–	–	–	–	–
Mr. Wong Yun Pun	–	–	–	–	–
	–	2,556	15	136	2,707

(i) Mr. Dai Wei, Ms. Wang Na and Mr. Kang Weiguo were appointed as executive director of the Company on 20 January 2021.

(ii) Mr. Song was appointed as non-executive directors of the Company on 20 January 2021, Dr. Li Haitao, Dr. Fan Yun and Mr. Wong Yun Pun were appointed as independent non-executive directors of the Company on 20 January 2021. During the years ended 31 December 2018, 2019 and 2020, all the non-executive directors have not yet been appointed and did not receive directors' remuneration in the capacity of non-executive directors.

(iii) Directors' retirement benefits and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking.

No payment was made to the directors as compensation for early termination of appointment during the years ended 31 December 2018, 2019 and 2020.

(iv) Consideration provided to third parties for making available directors' services

No payment was made to any former employer of directors or third parties for making available directors' services as director of the Company during the years ended 31 December 2018, 2019 and 2020.

(v) 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 30, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of the directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2018, 2019 and 2020.

(vi) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 30, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at end of the year and at any time during the years ended 31 December 2018, 2019 and 2020.

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included three directors for the years ended 31 December 2018, 2019 and 2020. The emoluments payable to the remaining two individuals during the years ended 31 December 2018, 2019 and 2020 were as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	1,011	1,519	1,243
Contribution to pension scheme expenses	46	41	6
Other employee benefits	86	84	76
	1,143	1,644	1,325

The emoluments fell within the following bands:

	Number of individuals		
	Year ended 31 December		
	2018	**2019**	**2020**
Emolument bands (in HK$)			
Nil – HK$500,000	–	–	–
HK$500,001 – HK$1,000,000	2	2	2
	2	2	2

10 FINANCE COSTS – NET

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Interest income on bank deposits	1,048	293	414
Finance costs			
Interest expenses	(3,524)	(5,806)	(21,113)
Finance costs – net	(2,476)	(5,513)	(20,699)

11 INCOME TAX EXPENSES

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Current income tax			
– PRC corporate income tax	8,694	21,449	35,286
Deferred income tax *(Note 24)*			
– PRC corporate income tax	(1,409)	(1,222)	(3,169)
	7,285	20,227	32,117

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the BVI were incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from British Virgin Island income tax.

The Group's subsidiaries incorporated in Hong Kong did not have assessable profit in Hong Kong during the Track Record Period.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years/periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25% for the Track Record Period. Under the relevant regulations of the corporate income tax Law, certain subsidiaries of the Group qualified as small enterprises earning low profits in the PRC are subject to a reduced income tax rate of 20% in the respective years.

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 is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits out of Mainland China in the foreseeable future.

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	28,992	80,374	123,901
Tax charge at applicable corporate income tax rate of 25%	7,248	20,094	30,975
Tax effects of:			
– Expenses not deductible for tax purposes	197	188	1,673
– Effect of different tax rates applicable to certain subsidiaries and branches	(160)	(55)	(531)
PRC corporate income tax	7,285	20,227	32,117

The effective income tax rate was 25%, 25% and 26% for the years ended 31 December 2018, 2019 and 2020, respectively.

12 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for each of the years ended 31 December 2018, 2019 and 2020 on a combined basis as disclosed in Note 1.3.

13 PROPERTY AND EQUIPMENT

	Vehicles	**Furniture and fixtures**	**Leasehold improvements**	**Office premises**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018					
Cost	558	3,845	–	–	4,403
Accumulated depreciation	(221)	(1,536)	–	–	(1,757)
Net book amount	337	2,309	–	–	2,646
Year ended 31 December 2018					
Opening net book amount	337	2,309	–	–	2,646
Additions	307	924	142	–	1,373
Disposals	(3)	(47)	–	–	(50)
Depreciation charge	(108)	(919)	(12)	–	(1,039)
Closing net book amount	533	2,267	130	–	2,930
As at 31 December 2018					
Cost	812	4,713	142	–	5,667
Accumulated depreciation	(279)	(2,446)	(12)	–	(2,737)
Net book amount	533	2,267	130	–	2,930

	Vehicles	Furniture and fixtures	Leasehold improvements	Office premises	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Opening net book amount	533	2,267	130	–	2,930
Additions	–	1,096	90	–	1,186
Acquisition of a subsidiary *(Note 29(a))*	576	268	–	4,094	4,938
Disposals	–	(1)	–	–	(1)
Depreciation charge	(146)	(873)	(66)	–	(1,085)
Closing net book amount	963	2,757	154	4,094	7,968
As at 31 December 2019					
Cost	1,870	6,462	232	4,094	12,658
Accumulated depreciation	(907)	(3,705)	(78)	–	(4,690)
Net book amount	963	2,757	154	4,094	7,968
Year ended 31 December 2020					
Opening net book amount	963	2,757	154	4,094	7,968
Additions	9	1,620	150	–	1,779
Acquisition of subsidiaries *(Note 29)*	4	307	771	–	1,082
Disposals	–	(1)	–	–	(1)
Depreciation charge	(275)	(1,261)	(130)	(94)	(1,760)
Closing net book amount	701	3,422	945	4,000	9,068
As at 31 December 2020					
Cost	1,883	8,388	1,153	4,094	15,518
Accumulated depreciation	(1,182)	(4,966)	(208)	(94)	(6,450)
Net book amount	701	3,422	945	4,000	9,068

(a) Depreciation expenses were charged to the following categories in the combined statements of comprehensive income:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	800	803	1,131
Administrative expenses	239	282	629
	1,039	1,085	1,760

(b) No property and equipment was pledged as security for bank borrowings as at 31 December 2018.

As at 31 December 2019 and 2020, the office premises with net book value of RMB4,094,000 and RMB4,000,000, respectively, were pledged as collateral for the Group's bank borrowings (Note 22).

14 INVESTMENT PROPERTIES

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets – at cost			
Opening balance	401	3,071	5,194
Additions	3,061	3,058	2,100
Depreciation charge	(391)	(935)	(1,589)
Closing balance	3,071	5,194	5,705
As at year end			
Cost	3,462	6,520	8,620
Accumulated depreciation	(391)	(1,326)	(2,915)
Net book amount	3,071	5,194	5,705

(a) The investment properties represent commercial properties held under leases, which are held for rental yields and are not occupied by the Group (Note 25).

(b) As at 31 December 2018, 2019 and 2020, the fair values of investment properties were RMB11,848,000, RMB13,627,000 and RMB12,834,000, respectively.

(i) Fair value hierarchy

As at 31 December 2018, 2019 and 2020, as certain of significant inputs used in the determination of fair value disclosure of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group is included in level 3 of the fair value measurement hierarchy.

(ii) Valuation techniques

Fair values of the investment properties of the Group 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. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

The higher the market rents or the lower the term yields and reversionary yields, the higher the fair value.

There is no change in the valuation techniques during the years ended 31 December 2018, 2019 and 2020.

15 INTANGIBLE ASSETS

	Computer software	Customer relationships and backlog	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018				
Cost	2,046	–	–	2,046
Accumulated amortisation	(54)	–	–	(54)
Net book amount	1,992	–	–	1,992
Year ended 31 December 2018				
Opening net book amount	1,992	–	–	1,992
Amortisation	(410)	–	–	(410)
Closing net book amount	1,582	–	–	1,582
As at 31 December 2018				
Cost	2,046	–	–	2,046
Accumulated amortisation	(464)	–	–	(464)
Net book amount	1,582	–	–	1,582
Year ended 31 December 2019				
Opening net book amount	1,582	–	–	1,582
Acquisition of a subsidiary *(Note 29(a))*	–	6,200	9,967	16,167
Amortisation	(409)	(16)	–	(425)
Closing net book amount	1,173	6,184	9,967	17,324
As at 31 December 2019				
Cost	2,046	6,200	9,967	18,213
Accumulated amortisation	(873)	(16)	–	(889)
Net book amount	1,173	6,184	9,967	17,324
Year ended 31 December 2020				
Opening net book amount	1,173	6,184	9,967	17,324
Additions	696	–	–	696
Acquisition of subsidiaries *(Note 29)*	–	–	3,852	3,852
Amortisation	(419)	(591)	–	(1,010)
Closing net book amount	1,450	5,593	13,819	20,862
As at 31 December 2020				
Cost	2,742	6,200	13,819	22,761
Accumulated amortisation	(1,292)	(607)	–	(1,899)
Net book amount	1,450	5,593	13,819	20,862

Amortisation of intangible assets has been charged to the following categories in the combined statements of comprehensive income:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	–	29	591
Administrative expenses	410	396	419
	410	425	1,010

(a) No intangible asset was restricted or pledged as security for liabilities as at 31 December 2018, 2019 and 2020.

(b) The customer relationships and backlog were acquired as part of a business combination (Note 29). They were recognised at their fair values at the date of acquisition and are subsequently amortised on a straight-line over their estimated useful lives.

(c) Goodwill arose from acquisition of Zhejiang Lansheng:

Goodwill arose from the Group's acquisition of Zhejiang Lansheng (Note 29(a)) and were determined at the acquisition date, being the difference between the purchase consideration and the fair value of net identifiable assets of acquiree.

Impairment test for goodwill

By reference to the recoverable amount assessed by an independent valuer as at 13 December 2019 (the acquisition date), the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2019.

As at 31 December 2020, management performed an impairment assessment on the goodwill. The recoverable amounts of the property management business operated by Zhejiang Lansheng has been assessed by the management and determined based on VIU calculation. The calculation used cash flow projections based on financial budgets covering a five-year period approved by management.

The following table set forth the key assumptions applied in preparing the cash flow projection for the purpose of goodwill impairment test as at 31 December 2020:

	Zhejiang Lansheng
Compound annual growth rate of revenue during the projection period	6.2%
Gross margin during the projection period	33.6%
Terminal growth rate	3.0%
Pre-tax discount rate	23.5%

According to the result of the impairment testing, the estimated recoverable amounts of CGU exceed their carrying amount (i.e. the headroom) by RMB3,371,000.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as at 31 December 2020:

	Zhejiang Lansheng
As at 31 December 2020	
Annual revenue growth rate	-5.7%
Pre-tax discount rate	4.3%

Except for the above changes, the directors of the Company considered that there is no other reasonably possible change in key parameters would cause the carrying amount of the CGU to exceed its recoverable amount, and determined that no impairment provision on goodwill was required as at 31 December 2020.

(d) Goodwill arose from acquisitions of Zhengzhou Zhengran and Zhengzhou Jixiang:

Goodwill arose from the Group's acquisitions of Zhengzhou Zhengran and Zhengzhou Jixiang (Note 29) and were determined at the acquisition date, being the differences between the purchase considerations and the fair values of net identifiable assets of acquirees.

Impairment test for goodwill

As at 31 December 2020, management performed an impairment assessment on the goodwill arose from acquisitions of Zhengzhou Zhengran and Zhengzhou Jixiang as one group of CGUs since they are managed by the same decision-making team. The recoverable amounts of the property management business operated by Zhengzhou Zhengran and Zhengzhou Jixiang has been assessed by an independent valuer and determined based on VIU calculation. The calculation used cash flow projections based on financial budgets covering a five-year period approved by management.

The following table set forth the key assumptions applied in preparing the cash flow projection for the purpose of goodwill impairment test as at 31 December 2020:

	Zhengzhou Zhengran and Zhengzhou Jixiang
Compound annual growth rate of revenue during the projection period (%)	3.5%
Gross margin during the projection period (%)	22.2%
Terminal growth rate (%)	3.0%
Pre-tax discount rate (%)	20.7%

According to the result of the impairment testing, the estimated recoverable amounts of the group of CGUs exceed their carrying amount (i.e. the headroom) by RMB567,000.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as at 31 December 2020:

	Zhengzhou Zhengran and Zhengzhou Jixiang
As at 31 December 2020	
Annual revenue growth rate	-1.4%
Pre-tax discount rate	4.5%

Except for the above changes, the directors of the Company considered that there is no other reasonably possible change in key parameters would cause the carrying amount of the group of CGUs to exceed its recoverable amount. By reference to the recoverable amount assessed by the independent valuer as at 31 December 2020, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2020.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Financial asset at amortised cost			
Trade and other receivables *(Note 17)*	212,159	337,755	717,258
Restricted cash	100	100	1,324
Cash and cash equivalents *(Note 18)*	24,523	57,441	134,758
	236,782	395,296	853,340
Financial liabilities at amortised costs			
Trade and other payables (excluding accrued payroll and other taxes payables)	98,396	179,415	148,349
Lease liabilities *(Note 25)*	7,525	11,812	13,185
Bank borrowings *(Note 22)*	47,000	55,100	346,984
	152,921	246,327	508,518

There was no offsetting of financial assets and liabilities as at 31 December 2018, 2019 and 2020.

17 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 30(d))*	67,807	143,016	258,157
– Third parties	32,584	59,959	95,547
	100,391	202,975	353,704
Less: allowance for impairment of trade receivables *(Note (e))*	(2,811)	(4,380)	(6,945)
	97,580	198,595	346,759
Other receivables			
– Loans to related parties *(Note 30(d))*	47,000	45,000	301,626
– Amounts due from related parties *(Note 30(d))*	63,900	65,799	47,439
– Loan to a third party *(Note (c))*	–	7,200	7,200
– Cash advances to non-controlling interests	–	14,475	244
– Interest receivables from related parties *(Note 30(d))*	–	337	8,380
– Interest receivables from third parties	–	–	422
– Deposits	859	1,229	1,440
– Others	5,174	7,570	6,334
	116,933	141,610	373,085
Less: allowance for impairment of other receivables *(Note (e))*	(2,354)	(2,450)	(2,586)
	114,579	139,160	370,499
Prepayments			
– Prepaid listing expenses	–	–	2,126
– Others	430	430	89
	430	430	2,215
	212,589	338,185	719,473

The Company

	As at 31 December 2020
	RMB'000
Prepayments	
– Prepaid listing expenses	2,126

(a) Trade receivables mainly arise from property management services income and related value-added services income.

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.

Value-added services income are usually with a credit term ranges from 0 to 180 days.

(b) As at 31 December 2018, 2019 and 2020, the ageing analysis of the trade receivables based on recognition date were as follows:

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
0-180 days	53,329	126,041	288,731
181-365 days	13,464	26,969	19,195
1 to 2 years	26,776	25,477	32,294
2 to 3 years	3,047	19,460	7,442
3 to 4 years	3,188	2,055	4,713
Over 4 years	587	2,973	1,329
	100,391	202,975	353,704

(c) As at 31 December 2019 and 2020, the amount represented a loan to a third party, which was unsecured with interest of 6.8% per annum, and originally matured in June 2020. The loan was extended for one more year according to an agreement entered into by the Group before the original maturity date.

(d) As at 31 December 2018, 2019 and 2020, trade and other receivables were denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

(e) Information about the impairment of trade and other receivables and the Group's exposure to credit risk was disclosed in Note 3.1.2(ii).

18 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	24,523	57,441	134,758

As at 31 December 2018, 2019 and 2020, the Group's cash at bank and on hand was denominated in RMB.

Cash and cash equivalents held in the PRC are subject to local exchange control regulations. These regulations provide for restriction on exporting capital from the PRC, other than through normal dividend.

19 RESTRICTED CASH

Restricted cash mainly represents guarantee deposits in the bank for certain property management projects. All the restricted cash were denominated in RMB.

20 SHARE CAPITAL

(a) Combined capital of the Group

The Reorganisation has not been completed as at 31 December 2020. As disclosed in Note 1.3, the Historical Financial Information has been prepared on a combined basis. Combined capital as at each balance sheet date represented the combined capital of the companies now comprising the Group after the elimination of the inter-company investments.

(b) Share capital of the Company

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		HK$	*RMB'000*
Authorised:			
As at 8 October 2020 (date of incorporation) and 31 December 2020	38,000,000	380,000	2,588
Issued:			
As at 8 October 2020 (date of incorporation) and 31 December 2020	100	1	–

21 STATUTORY RESERVES

In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to appropriate no less than 10% of their profit after income tax calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase the capital of the respective PRC Group entities.

22 BANK BORROWINGS

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings			
– Non-current	–	7,200	221,119
– Current	47,000	47,900	125,865
	47,000	55,100	346,984

(a) As at 31 December 2018, 2019 and 2020, the Group's bank borrowings were guaranteed and/or secured by:

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings			
– Pledged by certain properties of entities controlled by Mr. Song and guaranteed by entities controlled by Mr. Song and a third party	27,000	25,000	–
– Guaranteed by third parties	20,000	22,900	–
– Pledged by certain properties of the Group and guaranteed by the third parties	–	7,200	7,200
– Pledged by 51% equity interest of a subsidiary of the Group and guaranteed by Mr. Song and entities controlled by Mr. Song	–	–	7,784
– Pledged by certain properties of entities controlled by Mr. Song and guaranteed by Mr. Song and third parties	–	–	23,000
– Pledged by certain properties of a third party and guaranteed by Mr. Song, Mr. Dai Wei (a director of the Company) and a third party	–	–	20,000
– Pledged by the Group's right of receipt of property management fee of certain properties managed by the Group in future three years and guaranteed by Mr. Song and entities controlled by Mr. Song	–	–	289,000
	47,000	55,100	346,984

(i) All the guarantees and securities provided by the related parties have been released before the date of this report.

(ii) All the bank borrowings were subsequently repaid in advance before the date of this report.

(b) The fair values of borrowings as at 31 December 2018, 2019 and 2020 approximated their carrying amounts, as the impact of discounting is not significant.

(c) The weighted average effective interest rate for the years ended 31 December 2018, 2019 and 2020 were 9.36%, 10.77% and 8.05%, respectively.

(d) The bank borrowings were all denominated in RMB.

(e) As at 31 December 2018, 2019 and 2020, the Group's bank borrowings were repayable as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	47,000	47,900	125,865
1 to 2 years	–	–	141,119
2 to 3 years	–	7,200	80,000
	47,000	55,100	346,984

23 TRADE AND OTHER PAYABLES

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables *(Note (a))*			
– Related parties *(Note 30(d))*	990	1,532	25
– Third parties	12,914	22,033	51,464
	13,904	23,565	51,489
Other payables			
– Amounts due to related parties *(Note 30(d))*	23,431	31,516	20,287
– Payables for acquisition of a subsidiary	–	9,731	–
– Deposits from third parties	25,878	26,507	33,232
– Dividend payables *(Note (b) and Note 30(d))*	–	34,000	–
– Accrued payroll and workforce payables	20,021	31,127	56,704
– Other tax payables	4,786	10,828	20,453
– Others	25,755	41,893	43,341
	99,871	185,602	174,017
	113,775	209,167	225,506

(a) As at 31 December 2018, 2019 and 2020, ageing analysis of the trade payables (including amounts due to related parties which were trade in nature) based on invoice date were as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	12,834	19,293	45,225
1 to 2 years	438	3,222	3,014
2 to 3 years	480	418	2,194
Over 3 years	152	632	1,056
	13,904	23,565	51,489

(b) Amounts represented the dividend payables to the then shareholders of a subsidiary of the Group, which were settled in December 2020.

(c) As at 31 December 2018, 2019 and 2020, trade and other payables were mainly denominated in RMB and the carrying amounts of trade and other payables approximated their fair values.

24 DEFERRED INCOME TAX

(a) As at 31 December 2018, 2019 and 2020, there was no offsetting of deferred income tax assets and deferred income tax liabilities balances within the same tax jurisdiction. The analysis of deferred income tax assets and deferred income tax liabilities 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 within 12 months	1,928	2,601	5,543
– Deferred income tax assets to be recovered after more than 12 months	335	884	1,001
	2,263	3,485	6,544
Deferred income tax liabilities:			
– Deferred income tax liabilities to be recovered within 12 months	–	(161)	(161)
– Deferred income tax liabilities to be recovered after more than 12 months	–	(1,810)	(1,595)
	–	(1,971)	(1,756)
	2,263	1,514	4,788

(b) The net movements on deferred income tax account were as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	854	2,263	1,514
Acquisition of subsidiaries *(Note 29)*	–	(1,971)	105
Credited to profit or loss	1,409	1,222	3,169
At the end of the year	2,263	1,514	4,788

(c) The movement in deferred income tax assets and liabilities during the years ended 31 December 2018, 2019 and 2020, was as follows:

Deferred income tax assets

	Allowance on doubtful receivables	**Accrued expenses**	**Tax losses**	**Net impact of right-of-use assets and lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	854	–	–	–	854
Credited to profit or loss	437	319	318	335	1,409
As at 31 December 2018	1,291	319	318	335	2,263
As at 1 January 2019	1,291	319	318	335	2,263
Credited/(charged) to profit or loss	396	420	(145)	551	1,222
As at 31 December 2019	1,687	739	173	886	3,485
As at 1 January 2020	1,687	739	173	886	3,485
Credited to profit or loss	658	1,042	1,114	140	2,954
Acquisition of subsidiaries *(Note 29)*	–	–	105	–	105
As at 31 December 2020	2,345	1,781	1,392	1,026	6,544

Deferred income tax liabilities

	Excess of value of property from acquisition of a subsidiary	Value of intangible assets identified in business combination	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January and 31 December 2018	–	–	–
As at 1 January 2019	–	–	–
Acquisition of a subsidiary *(Note 29)*	(421)	(1,550)	(1,971)
As at 31 December 2019	(421)	(1,550)	(1,971)
As at 1 January 2020	(421)	(1,550)	(1,971)
Credited to profit or loss	18	197	215
As at 31 December 2020	(403)	(1,353)	(1,756)

(d) As at 31 December 2018, 2019 and 2020, the Group has no cumulative tax losses which was not recognised as deferred income tax assets.

25 LEASES

(a) Amounts recognised in the combined balance sheets

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Investment properties – Leased properties *(Note 14 and (i))*	3,071	5,194	5,705
Right-of-use assets – Properties *(Note (i))*	3,116	3,060	3,377
	6,187	8,254	9,082
Lease liabilities *(Note (i))*			
Current	1,998	3,153	5,880
Non-current	5,527	8,659	7,305
	7,525	11,812	13,185

(i) The Group leases certain properties from both related parties and third parties on fixed periods over one year, of which the ones held for rental yields and not occupied by the Group are recognised as investment properties and the others are recognised as right-of-use assets. Lease liabilities represent the corresponding liabilities of the leased assets.

(b) Amounts recognised in the combined statements of comprehensive income

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Rental income from investment properties *(Note 14)*	1,048	2,267	4,004
Depreciation of investment properties *(Note 14)*	391	935	1,589
Depreciation of right-of use assets *(Note 8)*	390	439	1,058
Interests on lease liabilities (included in finance costs – net)	557	881	1,348
Rental expenses relating to short-term leases (included in cost of sales and administrative expense) *(Note 8)*	3,248	2,745	3,093

(c) The cash outflow of rental expenses relating to short-term leases and the settlement of lease liabilities for the years ended 31 December 2018, 2019 and 2020 was RMB81,000, RMB500,000 and RMB3,625,000, respectively.

26 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation and up to the date of this report.

During the year ended 31 December 2019, dividends of RMB34,000,000 were declared by the subsidiaries now comprising the Group to their then shareholders. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

27 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	28,992	80,374	123,901
Adjustments for:			
– Depreciation of property and equipment *(Note 13)*	1,039	1,085	1,760
– Depreciation of right-of-use assets *(Note 25)*	390	439	1,058
– Depreciation of investment properties *(Note 14)*	391	935	1,589
– Net impairment losses on financial assets	1,747	1,665	2,701
– Amortisation of intangible assets *(Note 15)*	410	425	1,010
– Interest income from loans to related parties and third parties *(Note 7)*	(3,108)	(5,022)	(19,195)
– Losses/(gains) on disposal of property and equipment	37	–	(1)
– Share of loss of investments accounted for using the equity method	–	–	57
– Finance costs – net *(Note 10)*	2,476	5,513	20,699
	32,374	85,414	133,579

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Changes in working capital:			
– Restricted cash	(100)	–	(1,224)
– Contract liabilities	14,936	21,961	34,814
– Trade and other receivables and prepayments	(39,648)	(102,087)	(140,227)
– Trade and other payables	29,283	38,472	46,556
Cash generated from operations	36,845	43,760	73,498

(b) Net debt reconciliations

	Bank borrowings	Interest payable	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	27,000	–	3,907	30,907
Cash flows	20,000	(2,967)	–	17,033
Addition of leases	–	–	3,061	3,061
Accrued interest expenses	–	2,967	557	3,524
As at 31 December 2018	47,000	–	7,525	54,525
As at 1 January 2019	47,000	–	7,525	54,525
Cash flows	(2,000)	(4,389)	(35)	(6,424)
Acquisition of a subsidiary *(Note 29)*	10,100	–	–	10,100
Addition of leases	–	–	3,441	3,441
Accrued interest expenses	–	4,925	881	5,806
As at 31 December 2019	55,100	536	11,812	67,448
As at 1 January 2020	55,100	536	11,812	67,448
Cash flows	291,884	(18,565)	(3,450)	269,869
Addition of leases	–	–	3,475	3,475
Accrued interest expenses	–	19,765	1,348	21,113
As at 31 December 2020	346,984	1,736	13,185	361,905

28 COMMITMENTS

Lease commitments – as lessee

The Group leases offices and staff dormitories under non-cancellable lease agreements with lease term less than 12 months. The majority of lease agreements with lease term less than 12 months were signed with third parties and renewable at the end of the lease period based on rates mutually agreed. The future aggregate minimum lease payments under non-cancellable short-term leases are as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	247	455	444

29 BUSINESS COMBINATION

Business combination during the year ended 31 December 2019 and 2020 included the acquisitions of four property management companies which engaged in provision of property management services in the PRC. The financial information of the acquired companies on the acquisition date was listed as follows:

(a) Acquisition of Zhejiang Lansheng

On 13 December 2019, the Company completed its acquisition of 51% equity interests in Zhejiang Lansheng at a cash consideration of RMB16,218,000 from a third party.

The acquired business of Zhejiang Lansheng has contributed to total revenue of RMB547,000 and net profit of RMB59,000 of the Group for the year ended 31 December 2019 from the acquisition date to 31 December 2019.

Had Zhejiang Lansheng been combined from 1 January 2019, the combined statement of comprehensive income for the year ended 31 December 2019 would show pro-forma revenue of RMB382,792,000 and net profit of RMB62,098,000.

Details of the purchase consideration, the net assets acquired and goodwill were as follows:

	As at 13 December
	2019
	RMB'000
Total purchase considerations	16,218
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5,430
Property and equipment *(Note 13)*	4,938
Customer relationships and backlog *(Note 15)*	6,200
Trade and other receivables	24,980
Deferred income tax liabilities	(1,971)
Trade and other payables	(12,653)
Bank borrowings	(10,100)
Current income tax liabilities	(543)
Contract liabilities	(4,025)
Total identifiable net assets	12,256
Less: NCI	(6,005)
Net assets acquired	6,251
Goodwill *(Note 15)*	9,967

Net cash outflow arising on acquisition of Zhejiang Lansheng during the year ended 31 December 2019 and 2020:

	Year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Cash consideration paid	(6,487)	(9,731)
Cash and cash equivalents acquired at the acquisition date	5,430	N/A
Net cash outflow on the acquisition	(1,057)	(9,731)

The following table sets forth each key assumption on which management has been based its cash flow projections to undertake the purchase price allocation as at 13 December 2019:

	Zhejiang Lansheng
Compound annual growth rate of revenue during the projection period	5.3%
Gross margin during the projection period	36.1%
Terminal growth rate	3.0%
Pre-tax discount rate	24.5%

(b) Acquisition of Luohe Suho Property

On 15 January 2020, the Company completed its acquisition of 51% equity interests in Luohe Suho Property at a cash consideration of RMB331,000.

The acquired business of Luohe Suho Property has contributed to total revenue of RMB3,400,000 and net profit of RMB109,000 of the Group for the year ended 31 December 2020 from the acquisition date to 31 December 2020.

Had Luohe Suho Property been combined from 1 January 2020, the combined statement of comprehensive income for the year ended 31 December 2020 would show pro-forma revenue of RMB575,664,000 and net profit of RMB91,779,000.

Details of the purchase consideration, the net assets acquired and goodwill were as follows:

	As at 15 January 2020
	RMB'000
Consideration	
– Cash paid	331
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	418
Trade and other receivables	975
Deferred income tax assets	105
Trade and other payables	(530)
Contract liabilities	(319)

	As at 15 January 2020
	RMB'000
Total identifiable net assets	649
Less: NCI	(318)
Net assets acquired	331
Goodwill	–

Net cash outflow arising on acquisition of Luohe Suho Property during the year ended 31 December 2020:

	RMB'000
Cash injection made	(331)
Cash and cash equivalents acquired at the acquisition date	418
Net cash inflow on the acquisition	87

(c) Acquisition of Zhengzhou Zhengran and Zhengzhou Jixiang

On 19 October 2020, the Company completed its acquisition of 51% equity interests in Zhengzhou Zhengran and Zhengzhou Jixiang at a cash consideration of RMB13,500,000 from a third party.

The acquired business of Zhengzhou Zhengran and Zhengzhou Jixiang has contributed to total revenue of RMB3,100,000 and net loss of RMB128,000 of the Group for the year ended 31 December 2020 from the acquisition date to 31 December 2020.

Had Zhengzhou Zhengran and Zhengzhou Jixiang been combined from 1 January 2020, the combined statement of comprehensive income for the year ended 31 December 2020 would show pro-forma revenue of RMB588,665,000 and net profit of RMB92,176,000.

Details of the purchase consideration, the net assets acquired and goodwill were as follows:

	As at 19 October 2020
	RMB'000
Consideration	
– Cash paid	13,500
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	24,529
Property and equipment *(Note 13)*	1,082
Trade and other receivables	786
Trade and other payables	(3,873)
Current income tax liabilities	(106)
Contract liabilities	(3,499)

	As at 19 October 2020
	RMB'000
Total identifiable net assets	18,919
Less: NCI	(9,271)
Net assets acquired	9,648
Goodwill *(Note 15)*	3,852

Net cash inflow arising on acquisition of Zhengzhou Zhengran and Zhengzhou Jixiang during year ended 31 December 2020:

	RMB'000
Cash injection made	(13,500)
Cash and cash equivalents acquired at the acquisition date	24,529
Net cash inflow on the acquisition	11,029

30 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

The following individual/entities were related parties of the Group that had significant balances and/or transactions as at/during the years ended 31 December 2018, 2019 and 2020:

English Name	Chinese Name
Ultimate controlling shareholder	
Mr. Song	宋革委
Entities controlled by Mr. Song	
Beijing Tongdao Shenghe Investment Co., Ltd. and its subsidiaries	北京同道聖合投資有限公司及其附屬子公司
Zhengzhou Kangqiao Yidu Educational Technology Co, Ltd*	鄭州康橋壹度教育科技有限公司
Shenzhen Kangqiao Educational Technology Co, Ltd*	深圳康橋教育科技有限公司
Joint ventures and associates of entities controlled by Mr. Song	
Henan Xinfuyuan Property Co., Ltd*	河南新福源置業有限公司
Henan Kangqiao Beautiful Scenery Property Development Co., Ltd*	河南康橋美景房地產開發有限責任公司
Zhengzhou Jinchuan Property Co., Ltd*	鄭州金川置業有限公司

* *The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.*

(b) Significant transactions with related parties

Save as disclosed in elsewhere in this accountant's report, the Group had the following significant transactions with related parties during the years ended 31 December 2018, 2019 and 2020. The 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*
Provision of property management services			
– Entities controlled by Mr. Song	7,232	14,513	16,758
Provision of value-added services to non-property owners			
– Entities controlled by Mr. Song	47,159	75,740	166,087
– Joint ventures and associates of entities controlled by Mr. Song	5,755	8,969	11,260
	52,914	84,709	177,347
Provision of community value-added services			
– Entities controlled by Mr. Song	3,551	28,597	37,803
– Joint ventures and associates of entities controlled by Mr. Song	83	–	21
	3,634	28,597	37,824
Lease transactions with entities controlled by Mr. Song			
– Rental expenses relating to short-term leases	990	542	281
– Interests on lease liabilities	439	695	984
Interest income ***(Note 7)***			
– Entities controlled by Mr. Song	3,108	5,022	18,292

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(c) Key management compensation

Compensations for key management other than those for directors (Note 9(c)) for the years ended 31 December 2018, 2019 and 2020 were set out as below:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	1,011	1,519	1,243
Contribution to pension scheme expenses	46	41	6
Other employee benefits	86	84	76
	1,143	1,644	1,325

(d) Balances with related parties

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables ***(Note 17)***			
– Entities controlled by Mr. Song	65,193	132,272	247,425
– Joint ventures and associates of entities controlled by Mr. Song	2,614	10,744	10,732
	67,807	143,016	258,157
Less: allowance for impairment of trade receivables			
– Entities controlled by Mr. Song	(65)	(132)	(247)
– Joint ventures and associates of entities controlled by Mr. Song	(3)	(11)	(11)
	(68)	(143)	(258)
Trade receivables-net	67,739	142,873	257,899
Trade payables ***(Note 23)***			
– Entities controlled by Mr. Song	990	1,532	25
Other receivables ***(Note 17)***			
Loans to related parties:			
– Entities controlled by Mr. Song *(i)*	47,000	45,000	301,626
Interest receivables from related parties:			
– Entities controlled by Mr. Song *(i)*	–	337	8,380
Amounts due from related parties:			
– Entities controlled by Mr. Song *(ii)*	63,900	65,799	47,439
	110,900	111,136	357,445
Less: allowance for impairment of other receivables			
– Entities controlled by Mr. Song	(111)	(111)	(357)
Other receivables-net	110,789	111,025	357,088
Other payables ***(Note 23)***			
– Entities controlled by Mr. Song *(iii)*	23,431	31,516	20,287
Dividend payables ***(Note 23)***			
– Entities controlled by Mr. Song *(v)*	–	34,000	–
Lease liabilities			
– Entities controlled by Mr. Song *(iv)*	5,883	8,930	9,200

(i) Amounts represented loans to entities controlled by Mr. Song and relevant interest receivables, which were non-trade in nature, unsecured and bearing annual interest rate ranges from 8.16% to 12.29%. The loans as of 31 December 2018 and 2019 were matured within one year. The loans as of 31 December 2020 were originally matured in one and three years, respectively, pursuant to the loan agreements entered into in June and July 2020 and were subsequently adjusted to repayable on demand in the supplemental agreements entered into in December 2020. Thus, the loans were classified as current assets as at 31 December 2020. The amounts were settled by the related parties before the date of this report.

(ii) Amounts represented payments of expenses by the Group on behalf of entities controlled by Mr. Song for certain projects to which the Group provided services and cash advances. The amounts were non-trade in nature, unsecured and interest-free and repayable on demand. The amounts were settled by the related parties before the date of this report.

(iii) Amounts represented rental and other payments collected by the Group on behalf of entities controlled by Mr. Song in the normal course of business of the Group, which were trade in nature, unsecured, interest-free and repayable on demand. The amounts were settled by the Group before the date of this report.

(iv) Amounts represented lease payables for the properties leased from entities controlled by Mr. Song, which were unsecured and trade in nature.

(v) The dividend payables as at 31 December 2019 were non-trade in nature. The payables were settled during the year ended 31 December 2020.

31 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2018, 2019 and 2020.

32 EVENTS OCCURING AFTER THE REPORTING PERIOD

(a) Dividends

On 3 January 2021, Kangqiao Yueshenghuo declared dividends of RMB100,000,000 to its then shareholder.

On 7 May 2021 and 8 June 2021, Puyang Junyang Property Service Co., Ltd. and Zhejiang Lansheng, the Group's non-wholly owned subsidiaries, declared dividends of RMB550,000 and RMB4,200,000, respectively.

(b) Issuance of new shares

On 28 January 2021, 90 and 10 ordinary shares of the Company were allotted and issued to Kangqiaoyue Shenghuo BVI and New Hefeng, respectively.

(c) Capitalisation issue

Pursuant to the resolutions of the shareholders passed on 17 June 2021, subject to the share premium account of the Company being credited as a result of the issue of offer shares, the directors are authorised to allot and issue a total of 524,999,800 shares credited as fully paid at par value to Kangqiaoyue Shenghuo BVI and New Hefeng in proportion to their respective shareholdings by way of capitalisation of the sum of HK$5,249,998 standing to the credit of the share premium account of the Company.

(d) Increase of authorised share capital

Pursuant to the resolutions of the shareholders passed on 17 June 2021, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional 962,000,000 shares of a par value of HK$0.01 each.

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.

Save as disclosed in note 32, no dividend or distribution has been declared or made by the Company or any of the Companies comprising the Group in respect of any period subsequent to 31 December 2020.

The information set out in this appendix 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 forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of 31 December 2020 as if the Global Offering had taken place on 31 December 2020.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 31 December 2020 or at any future dates following the Global Offering.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2020	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company as at 31 December 2020**	**Unaudited pro forma adjusted combined net tangible assets per Share**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*HK$ (Note 4)*
Based on the Offer Price of HK$2.78 per Offer Share	127,860	357,675	485,535	0.69	0.83
Based on the Offer Price of HK$3.88 per Offer Share	127,860	512,522	640,382	0.91	1.10

Notes:

(1) The audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2020 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 31 December 2020 of approximately RMB145,964,000, deducting the Group's intangible assets attributable to the owners of the Company of approximately RMB18,104,000 as at 31 December 2020.

(2) The estimated net proceeds from the Global Offering are based on 175,000,000 Offer Shares and the indicative Offer Price of HK$2.78 per Offer Share and HK$3.88 per Offer Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses payable by the Company.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 700,000,000 Shares were in issue assuming that the Global Offering and the Capitalisation Issue have been completed on 31 December 2020 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the issue and allotment or repurchase of Shares granted to the Directors as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of the unaudited pro forma statement of adjusted net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.8315 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.

(5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2020. The unaudited pro forma statement of adjusted net tangible assets has not taken into account the dividend of RMB100,000,000 which was declared by a PRC subsidiary to its then shareholder in January 2021 and the dividends of RMB2,223,000 which were declared by two PRC subsidiaries to non-controlling interests in May and June 2021. Had the dividends been taken into account, the unaudited pro forma adjusted net tangible assets per Share would have been RMB0.55 (HK$0.66) and RMB0.77 (HK$0.92) per Share based on the Offer Price of HK$2.78 and HK$3.88 per Offer Share, respectively.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE 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.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Kangqiao Service Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kangqiao Service Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined 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 June 29, 2021, in connection with the proposed global offering of the shares of the Company (the "Global Offering") (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 Global Offering on the Group's financial position as at 31 December 2020 as if the proposed Global 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 a review 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").

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 Global 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 judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company 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

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on June 17, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 17, 2021 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The authorized share capital of the Company at the date of adoption of the Articles is HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Cayman Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Cayman Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Cayman Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The number of Directors shall not be less than two.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director).

The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors and which Directors who are to retire by rotation at such meeting.

No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors. The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by a notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Cayman Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Cayman Companies Act.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Cayman Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of which

notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives), and any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

Extraordinary general meetings may be convened on the requisition of two or more shareholders (or any one member which is a recognized clearing house (or its nominee(s)) 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.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Act or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a statement of financial position as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every

general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may, in its absolute discretion, and without assigning any reason, refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase. The holder of the shares being purchased shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Directors shall specify the certificate(s) thereof, if any, for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Cayman Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that

notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend may be paid or declared, the Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall

(subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the bolder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per

annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 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 which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Cayman Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Cayman Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or

existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Cayman Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 October 2020 under the Cayman Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Cayman Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman 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 premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Cayman Companies Act provides

that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Cayman Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman 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 (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in Foss v. Harbottle (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Cayman Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Cayman Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman 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.

10 Inspection of Books and Records

Members of a company will have no general right under the Cayman 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 of association.

11 Special Resolutions

The Cayman Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice

specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Cayman Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Cayman Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting

shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands for a period of twenty years from 27 October 2020:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 ("**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, if an exempted company incorporated in the Cayman Islands is tax resident outside the Cayman Islands, it will not be required to satisfy the economic substance test set out in the ES Act.

22 General

Campbells, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Act, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on October 8, 2020. Our Company has established a place of business in Hong Kong at 31/F, Tower Two, Times Square 1,Matheson Street, Causeway Bay, 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 November 13, 2020. Ms. Yu Wing Sze of TMF Hong Kong Limited has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

The operation of our Company is subject to the Cayman Companies Act, and our constitution comprises the Memorandum of Association and the Articles of Association. A summary of certain provisions of the Articles of Association and relevant aspects of the Cayman Companies Act is set forth in Appendix III to this prospectus.

2. Changes in the Share Capital of Our Company

The authorized share capital of our Company as of the date of its incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each.

On October 8, 2020, one Share was allotted and issued at par value to Campbells Nominees Limited, an Independent Third Party, as the initial subscriber. On the same day, Campbells Nominees Limited transferred its one Share to Kangqiaoyue Shenghuo BVI at par value.

On October 8, 2020, 99 Shares were allotted and issued at par value to Kangqiaoyue Shenghuo BVI.

On January 28, 2021, 90 Shares were further allotted and issued at par value to Kangqiaoyue Shenghuo BVI and 10 Shares were allotted and issued to New Hefeng in exchange for the New Hefeng's entire shareholding in Friend Holdings.

Pursuant to the written resolutions of our Shareholders passed on June 17, 2021, the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an addition of 962,000,000 Shares of par value HK$0.01 each.

Immediately following the Capitalization Issue and the completion of the Global Offering but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$7,000,000 divided into 700,000,000 Shares, all fully paid or credited as fully paid, and 300,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in "– A. Further Information about Our Company and Our Subsidiaries – 3. Resolutions in writing of our Shareholders passed on June 17, 2021" in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

Save as disclosed above, as of the Latest Practicable Date, our Company had no founder shares, management shares, treasury shares, or deferred shares.

3. Resolutions in Writing of Our Shareholders Passed on June 17, 2021

(i) Pursuant to the resolutions in writing of our Shareholders passed on June 17, 2021:

(a) the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an addition of 962,000,000 Shares;

(b) the Memorandum of Association and the Articles of Association, which will take effect on the Listing Date, were adopted and approved;

(c) conditional on (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued (pursuant to the Capitalization Issue, the Global Offering and the exercise of the Over-allotment Option) and such approval not subsequently having been withdrawn or revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (ii) the Offer Price having been agreed; (iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any (condition(s)) (for themselves and on behalf of the other Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:

(i) the Capitalization Issue, the Global Offering and the Over-allotment Option were approved and our Directors were authorized to effect the same and to allot and issue the new Shares pursuant to the Global Offering and Over-allotment Option;

(ii) the grant of the Over-allotment Option by our Company, pursuant to which our Company may be required to allot and issue up to an aggregate of 26,250,000 additional Shares to cover the over-allocations approved in the International Offering; and

(iii) the proposed Listing was approved and our Directors were authorized to implement the Listing;

(d) subject to the share premium account of our Company being credited as a results of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 524,999,800 Shares credited as fully paid at par value to the holders of Shares on the register of members of our Company at the close of business on the business day immediately preceding the Listing Date (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK$5,249,998 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

(e) a general unconditional mandate was granted to our Directors to, *inter alia,* allot, issue, and deal with Shares, and to make or grant offers, agreements, or options which might require such Shares to be allotted and issued or dealt with at any time, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued, or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of 20% of the aggregate nominal value of the Shares in issue immediately following the Capitalization Issue referred to in sub-paragraph (d) above and the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), and the nominal amount of the share capital repurchased by our Company (if any) pursuant to the repurchase mandate referred to in sub-paragraph (f) below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue, any scrip dividend scheme, or a specific authority granted by our Shareholders. Such mandate will remain in effect 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 to be held under the applicable laws or the Memorandum of Association and the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders passed at a general meeting of our Company,

whichever is the earliest;

(f) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the Share in issue

immediately following the Capitalization Issue referred to in sub-paragraph (d) above and the completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchase made on the Stock Exchange,or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and regulations and the requirements of the Listing Rules. Such mandate to repurchase Shares will remain in effect 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 to be held under the applicable laws or the Memorandum of Association and the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders passed at a general meeting of our Company,

whichever is the earliest;

(g) the general unconditional mandate as mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued, or agreed to be allotted and issued, by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (f) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the Capitalization Issue referred to in sub-paragraph (d) above and the completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. See "History, Reorganization and Group Structure" in this prospectus for further details.

5. Particulars of Our Subsidiaries

Particulars of our principal subsidiaries are set forth in note 1 of the Accountant's Report set out in Appendix I to this prospectus.

Set out below is certain information of our non-wholly owned subsidiaries as of the Latest Practicable Date:

No.	Name of Non-Wholly Owned Subsidiary	Other Non-Group Shareholders[(1)]	Approximate Shareholdings
1.	Henan Kangqiao Yuejin	Mr. Qi Xinqiang	30%
2.	Puyang Junyang Property	Mr. Li Zhijun	30%
3.	Henan Kangqiao Zhuyou	Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司)	33%
4.	Henan Kangqiao Zhufu	Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司)	40%
5.	Henan Kangqiao Jiahe	Changyuan Property Management Co., Ltd. (長垣縣物業管理有限公司)	40%
6.	Luohe Suhe Property	Luohe Suhe Industry Group Co., Ltd. (漯河蘇荷實業集團有限公司)	49%
7.	Hebi Kangqiao Property	Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司)	34%
		Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司)	15%
8.	Luohe Kangqiao Yuechang	Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司)	29%
		Luohe Chengtou Cultural Tourism Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司)	20%
9.	Zhejiang Lansheng	Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司)	44%
		Mr. Li Lei	5%
10.	Zhengzhou Jixiang	Zhengzhou Gas Property Development Co., Ltd. (鄭州燃氣房地產開發有限公司)	49%
11.	Zhengzhou Kangqiao Guotou	Zhengzhou Guotou Property Development Co., Ltd. (鄭州國投置業有限公司)	49%
12.	Henan Kangqiao Aosheng	Tianjin Aosheng Hospital Management Co., Ltd. (天津奧勝醫院管理有限公司)	35%

Note:

(1) To the best of our knowledge, information, and belief, having made all reasonable enquiries, none of the other non-Group shareholders was a connected person of our Company as of the Latest Practicable Date (other than being substantial shareholders of our subsidiaries).

6. Changes in the Share Capital of Our Subsidiaries

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

(1) Kangqiao Technology Service

On February 25, 2020, Kangqiao Technology Service was established in the PRC as a limited liability company with a registered capital of RMB50 million.

(2) Henan Yuequ Internet

On July 29, 2020, Henan Yuequ Internet was established in the PRC as a limited liability company with a registered capital of RMB10 million.

(3) Henan Kangqiao Property

On July 28, 2020, Henan Kangqiao Property was established in the PRC as a limited liability company with a registered capital of RMB10 million.

(4) Hebi Kangqiao Property

On September 9, 2020, Hebi Kangqiao Property was established in the PRC as a limited liability company with a registered capital of RMB5 million.

(5) Luohe Kangqiao Yuechang

On September 11, 2020, Luohe Kangqiao Yuechang was established in the PRC as a limited liability company with a registered capital of RMB0.5 million.

(6) Henan Kangqiao Taichen

On September 24, 2019, Henan Kangqiao Taichen was established in the PRC as a limited liability company with a registered capital of RMB5 million.

(7) Henan Kangyun Youxuan

On September 24, 2019, Henan Kangyun Youxuan was established in the PRC as a limited liability company with a registered capital of RMB5 million.

(8) Henan Kangqiao Yuejin

On June 10, 2020, Henan Kangqiao Yuejin was established in the PRC as a limited liability company with a registered capital of RMB1 million.

On September 28, 2020, the registered share capital of Henan Kangqiao Yuejin was increased from RMB1 million to RMB10 million.

(9) Henan Kangqiao Zhuyou

On August 26, 2020, Henan Kangqiao Zhuyou was established in the PRC as a limited liability company with a registered capital of RMB3 million.

(10) Luohe Suhe Property

On January 10, 2020, the registered share capital of Luohe Suhe Property was increased from RMB0.5 million to RMB1.1 million.

(11) Zhengzhou Jixiang

On October 28, 2020, the registered share capital of Zhengzhou Jixiang was increased from RMB1.6 million to RMB3.27 million.

(12) Zhengzhou Kangqiao Guotou

On October 30, 2020, the registered share capital of Zhengzhou Kangqiao Guotou was increased from RMB4.2 million to RMB8.58 million.

(13) Henan Kangqiao Aosheng

On December 3, 2020, Henan Kangqiao Aosheng was established in the PRC as a limited liability company with a registered capital of RMB10.0 million.

7. Repurchase of Our Securities by Our Company

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listings are on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the resolutions in writing of our Shareholders passed on June 17, 2021, a general unconditional mandate (the "**Repurchase Mandate**") was granted to our Directors authorizing the repurchase 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, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the Capitalization Issue and the completion of the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option), 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 to be held under the applicable laws or the Memorandum of Association and the Articles of Association, or when such mandate is varied or revoked by an ordinary resolution of our Shareholders passed at a general meeting of our Company, whichever is the earliest.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate nominal value of shares in issue on the date the repurchase mandate is granted. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options, or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

(iv) Status of repurchased securities

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted, and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly, or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year reviewed, including a monthly analysis of the number of securities repurchased, the purchase price per share, or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive, or substantial shareholder of the company or any of its subsidiaries or their respective close associates (as defined in the Listing Rules), and a core connected person (as defined in the Listing Rules) is prohibited from knowingly selling his securities to the company on the Stock Exchange.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will be in the interest of our Company and our Shareholders. Such repurchases may, depending on market conditions, funding arrangements, and other circumstances at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) Share Capital

Exercise in full of the Repurchase Mandate, on the basis of Shares in issue immediately after the Listing (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 70,000,000 Shares being repurchased 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 to be held under the applicable laws or the Memorandum of Association and the Articles of Association; or

(iii) the date on which the Repurchase Mandate is varied or revoked by an ordinary resolution of our Shareholders passed at a general meeting,

whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares 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 Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of the increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% (or a higher percentage upon completion of the exercise of the Over-allotment Option) of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

(1) a strategic cooperation agreement dated July 29, 2019 entered into between Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) and Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司), pursuant to which Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) and Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司) agreed to establish a new company with a registered capital of RMB5 million whereby Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司) agreed to subscribe for RMB2.0 million representing 40% of the equity interest in the new company and Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) agreed to subscribe for RMB3.0 million representing 60% of the equity interest in the new company;

(2) a cooperation agreement dated November 20, 2019 (the "**Cooperation Agreement Dated November 20, 2019**") entered into among Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司), Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司), Li Lei (李磊), Zhejiang Lansheng Property Service Co., Ltd. (浙江藍盛物業服務有限公司) and Tao Chun (陶椿) (as guarantor), pursuant to which Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司) and Li Lei (李磊) agreed to transfer an aggregate of 51% of the equity interest in Zhejiang Lansheng Property Service Co., Ltd. (浙江藍盛物業服務有限公司) to Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) at an aggregate amount of consideration of RMB16.218 million;

(3) a supplemental agreement dated November 20, 2019 to the Cooperation Agreement Dated November 20, 2019 entered into among Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司), Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司), Li Lei (李磊), Zhejiang Lansheng Property Service Co., Ltd. (浙江藍盛物業服務有限公司) and Tao Chun (陶椿) (as guarantor), pursuant to which Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) may, based on the performance of Zhejiang Lansheng Property Service Co., Ltd. (浙江藍盛物業服務有限公司), determine whether to acquire its remaining 49% equity interest held by Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司) and Li Lei (李磊);

(4) an equity transfer agreement dated December 3, 2019 entered into among Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司), Li Zhijun (李志軍), Wu Zhaojun (吳兆俊), Yang Dianli (楊殿利), Qi Guoli (齊國利) and Puyang Junyang Property Service Co., Ltd. (濮陽市君陽物業服務有限公司),

pursuant to which (i) each of Wu Zhaojun (吳兆俊) and Yang Dianli (楊殿利) agreed to transfer 25% of the equity interest in Puyang Junyang Property Service Co., Ltd. (濮陽市君陽物業服務有限公司) to Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) at nil consideration; and (ii) Qi Guoli (齊國利) agreed to transfer 20% and 5% of the equity interest in Puyang Junyang Property Service Co., Ltd. (濮陽市君陽物業服務有限公司) to Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) and Li Zhijun (李志軍), respectively, at nil consideration;

(5) a cooperation agreement dated December 19, 2019 entered into among Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司), Luohe Suhe Industry Group Co., Ltd. (漯河蘇荷實業集團有限公司) and Luohe Suhe Property Service Co., Ltd. (漯河市蘇荷物業服務有限公司), pursuant to which Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) agreed to subscribe for RMB0.561 million representing 51% of the equity interest in Luohe Suhe Property Service Co., Ltd. (漯河市蘇荷物業服務有限公司);

(6) a cooperation agreement dated May 9, 2020 (the "**Cooperation Agreement Dated May 9, 2020**") entered into between Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) and Qi Xinqiang (齊新強), pursuant to which Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) and Qi Xinqiang (齊新強) agreed to establish a new company with a registered capital of RMB1.0 million whereby Henan New Kangqiao Property Service Co., Ltd. (河南新康橋物業服務有限公司) agreed to subscribe for RMB0.85 million representing 85% of the equity interest in the new company and Qi Xinqiang (齊新強) agreed to subscribe for RMB0.15 million representing 15% of the equity interest in the new company;

(7) a cooperation agreement dated August 13, 2020 entered into among Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司), Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司) and Puyang Zhuyou Property Development Co., Ltd. (濮陽市住友房地產開發有限公司), pursuant to which Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司) and Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司) agreed to establish a new company with a registered capital of RMB3 million whereby Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司) agreed to subscribe for RMB2.01 million representing 67% of the equity interest in the new company and Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司) agreed to subscribe for RMB0.99 million representing 33% of the equity interest in the new company;

(8) a cooperation agreement dated August 25, 2020 entered into among Henan Kangqiao Property Service Co., Ltd. (河南康橋物業服務有限公司), Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司) and Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司), pursuant to which Henan Kangqiao Property Service Co., Ltd. (河南康橋物業服務有限公司), Hebi Jingkai Industry

Group Co., Ltd. (鶴壁經開實業集團有限公司) and Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司) agreed to establish a new company with a registered capital of RMB5 million whereby Henan Kangqiao Property Service Co., Ltd. (河南康橋物業服務有限公司) agreed to subscribe for RMB2.55 million representing 51% of the equity interest in the new company, Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司) agreed to subscribe for RMB1.7 million representing 34% of the equity interest in the new company and Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司) agreed to subscribe for RMB0.75 million representing 15% of the equity interest in the new company;

(9) a cooperation agreement dated September 3, 2020 entered into among Henan Kangqiao Property Service Co., Ltd. (河南康橋物業服務有限公司), Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司) and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司), pursuant to which Henan Kangqiao Property Service Co., Ltd. (河南康橋物業服務有限公司), Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司) and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司) agreed to establish a new company with a registered capital of RMB0.5 million whereby Henan Kangqiao Property Service Co., Ltd. (河南康橋物業服務有限公司) agreed to subscribe for RMB0.255 million representing 51% of the equity interest in the new company, Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司) agreed to subscribe for RMB0.145 million representing 29% of the equity interest in the new company and Luohe Chengtou Cultural Tourism Industry Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司) agreed to subscribe for RMB0.1 million representing 20% of the equity interest in the new company;

(10) a supplemental agreement dated September 3, 2020 to the Cooperation Agreement Dated May 9, 2020 entered into between Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司) and Qi Xinqiang (齊新強), pursuant to which Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司) agreed to transfer 15% of the equity interest in Henan Kangqiao Yuejin Property Service Co., Ltd. (河南康橋悅錦物業服務有限公司) to Qi Xinqiang (齊新強) at nil consideration;

(11) a capital increase agreement dated September 15, 2020 entered into among Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司), Zhengzhou Gas Property Development Co., Ltd. (鄭州燃氣房地產開發有限公司) and Zhengzhou Jixiang Property Management Co., Ltd. (鄭州吉祥物業管理有限責任公司), pursuant to which Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悅生活服務集團有限公司) agreed to subscribe for RMB1.67 million as the increased registered capital of Zhengzhou Jixiang Property Management Co., Ltd. (鄭州吉祥物業管理有限責任公司) at the consideration of RMB2.00 million;

(12) a capital increase agreement dated September 15, 2020 entered into among Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悦生活服務集團有限公司), Zhengzhou Guotou Property Development Co., Ltd. (鄭州國投置業有限公司) and Zhengzhou Zhengran Property Management Co., Ltd. (鄭州鄭燃物業管理有限公司), pursuant to which Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悦生活服務集團有限公司) agreed to subscribe for RMB4.38 million as the increased registered capital of Zhengzhou Zhengran Property Management Co., Ltd. (鄭州鄭燃物業管理有限公司) at the consideration of RMB11.5 million;

(13) an equity transfer agreement dated October 19, 2020 entered into between Henan Boyuan Quanjing Enterprise Consulting Co., Ltd. (河南博遠全景企業管理諮詢有限公司) and Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悦生活服務集團有限公司), pursuant to which Henan Boyuan Quanjing Enterprise Consulting Co., Ltd. (河南博遠全景企業管理諮詢有限公司) agreed to transfer 100% of the equity interest in Kangqiao Technology Service Group Co., Ltd. (康橋科技服務集團有限公司) to Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悦生活服務集團有限公司) at nil consideration;

(14) a capital increase agreement dated January 4, 2021 entered into among Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悦生活服務集團有限公司), Henan Boyuan Quanjing Enterprise Consulting Co., Ltd. (河南博遠全景企業管理諮詢有限公司) and Keanda Holdings Limited (科安達有限公司) in respect of a capital injection in Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悦生活服務集團有限公司) of an amount of U.S. dollars equivalent to RMB19,103,800 by Keanda Holdings Limited (科安達有限公司), of which RMB2,631,579 shall be contributed to the registered capital and the remaining capital injection shall be contributed to the capital reserve;

(15) an equity transfer agreement dated January 26, 2021 entered into between Henan Boyuan Quanjing Enterprise Consulting Co., Ltd. (河南博遠全景企業管理諮詢有限公司) and Henan Kangqiao Yueshenghuo Business Service Co., Ltd. (河南康橋悦生活商務服務有限公司), pursuant to which Henan Boyuan Quanjing Enterprise Consulting Co., Ltd. (河南博遠全景企業管理諮詢有限公司) agreed to transfer 95% of the equity interest in Kangqiao Yueshenghuo Service Group Co., Ltd. (康橋悦生活服務集團有限公司) to Henan Kangqiao Yueshenghuo Business Service Co., Ltd. (河南康橋悦生活商務服務有限公司) at a consideration of RMB5 million;

(16) an instrument of transfer dated January 28, 2021 entered into between New Hefeng Holdings Limited and Kangqiao Service Group Limited (康橋悦生活集團有限公司), pursuant to which New Hefeng Holdings Limited transferred 1 ordinary share of Friend Holdings Limited for good and valuable consideration (being 10 shares in Kangqiao Service Group Limited (康橋悦生活集團有限公司) as disclosed in "History, Reorganization and Group Structure – The Reorganization – (6) Acquisition of Friend Holdings and Transfer of Shares in Our Company") to Kangqiao Service Group Limited (康橋悦生活集團有限公司);

(17) a cornerstone investment agreement dated June 26, 2021 entered into by our Company, Country Garden Property Services HK Holdings Company Limited and CCB International Capital Limited, pursuant to which Country Garden Property Services HK Holdings Company Limited agreed to subscribe for 34,930,000 Offer Shares at the Offer Price;

(18) a cornerstone investment agreement dated June 26, 2021 entered into by our Company, Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) and CCB International Capital Limited, pursuant to which Autobio Group Co., Ltd (鄭州安圖實業集團股份有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased in an amount of Hong Kong dollars equivalent to RMB80,000,000;

(19) a cornerstone investment agreement dated June 26, 2021 entered into by our Company, 58.com Holdings Inc. and CCB International Capital Limited, pursuant to which 58.com Holdings Inc. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased in an amount of Hong Kong dollars equivalent to RMB20,000,000;

(20) the Deed of Indemnity;

(21) the Deed of Non-competition; and

(22) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(a) Trademarks

(i) Trademarks owned by our Group for which registration has been granted

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Registration Period
1.		Hong Kong	305392396	Kangqiao Yueshenghuo	16, 35, 36, 37	September 16, 2020 to September 15, 2030

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Registration Period
2.		Hong Kong	305392477	Kangqiao Yueshenghuo	16, 35, 36, 37	September 16, 2020 to September 15, 2030
3.		Hong Kong	305391027	Kangqiao Yueshenghuo	16, 35, 36, 37	September 15, 2020 to September 14, 2030
4.		PRC	39854796	Kangqiao Yueshenghuo	36	July 7, 2020 to July 6, 2030
5.		PRC	39852673	Kangqiao Yueshenghuo	44	July 7, 2020 to July 6, 2030
6.		PRC	39860744	Kangqiao Yueshenghuo	41	September 14, 2020 to September 13, 2030
7.		PRC	36489775	Kangqiao Yueshenghuo	37	October 21, 2019 to October 20, 2029
8.		PRC	36489700	Kangqiao Yueshenghuo	9	February 7, 2020 to February 6, 2030
9.		PRC	36483703	Kangqiao Yueshenghuo	35	October 21, 2019 to October 20, 2029
10.		PRC	36477481	Kangqiao Yueshenghuo	42	October 21, 2019 to October 20, 2029
11.		PRC	36477414	Kangqiao Yueshenghuo	36	October 21, 2019 to October 20, 2029

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Registration Period
12.		PRC	36475569	Kangqiao Yueshenghuo	38	October 21, 2019 to October 20, 2029
13.		PRC	36480547	Kangqiao Yueshenghuo	9	October 21, 2019 to October 20, 2029

(ii) Trademark under application

As of the Latest Practicable Date, we had also applied for the registration of the following trademark which we consider to be or may be material to our business:

No.	Trademark	Place of Application	Application Number	Applicant	Class	Application Date
1.	康豫小厨	PRC	44302687	Kangqiao Yueshenghuo	9	March 2, 2020
2.	熙糖	PRC	45401166	Henan Yuxi	9	April 13, 2020
3.	熙糖	PRC	44924434	Henan Yuxi	35	March 26, 2020
4.	熙糖	PRC	45402681	Henan Yuxi	36	April 13, 2020
5.	熙房	PRC	45401174	Henan Yuxi	9	April 13, 2020
6.	熙房	PRC	45393000	Henan Yuxi	35	April 13, 2020
7.	熙房	PRC	45400548	Henan Yuxi	36	April 13, 2020

(b) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registrant	Registration Date	Expiry Date*
1.	hntpsjwy.com	Kangqiao Yueshenghuo	September 14, 2012	September 14, 2021
2.	hqysh.com.cn	Kangqiao Yueshenghuo	July 28, 2020	July 28, 2021

* The Group will re-apply upon expiry if appropriate.

(c) Copyright

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
1.	Kangqiao equipment automation management platform (Abbreviation: EAM) V1.0	PRC	2019SR0185650	Kangqiao Yueshenghuo	February 26, 2019
2.	Kangqiao property management assistant mobile application platform (Abbreviation: property management assistant) V1.0	PRC	2019SR0187251	Kangqiao Yueshenghuo	February 26, 2019
3.	Kangqiao intelligent community management platform V1.0	PRC	2018SR013909	Kangqiao Yueshenghuo	January 5, 2018
4.	Intelligent community billing financial system V1.0	PRC	2019SR0331166	Kangqiao Yueshenghuo	April 15, 2019
5.	Intelligent community customer service CRM system V1.0	PRC	2019SR0331190	Kangqiao Yueshenghuo	April 15, 2019
6.	Intelligent community quality inspection system V1.0	PRC	2019SR0331390	Kangqiao Yueshenghuo	April 15, 2019
7.	Intelligent community human resources management system V1.0	PRC	2019SR0331379	Kangqiao Yueshenghuo	April 15, 2019
8.	Intelligent community parking management system V1.0	PRC	2020SR0276086	Kangqiao Yueshenghuo	March 19, 2020
9.	Intelligent community parking management cloud platform V1.0	PRC	2020SR0276080	Kangqiao Yueshenghuo	March 19, 2020
10.	Kangqiao e-commerce management platform (buyer side) V1.0	PRC	2020SR1516056	Kangqiao Yueshenghuo	October 21, 2020

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
11.	Kangqiao ERP system for rental and sale V1.0	PRC	2020SR1509684	Kangqiao Yueshenghuo	October 14, 2020
12.	Kangqiao portal applet system for rental and sale V1.0	PRC	2020SR1509682	Kangqiao Yueshenghuo	October 14, 2020
13.	Kangqiao e-commerce management platform (platform side) V1.0	PRC	2020SR1509683	Kangqiao Yueshenghuo	October 14, 2020
14.	Kangqiao broker mobile application platform for rental and sale (Android version) V1.0	PRC	2020SR1509758	Kangqiao Yueshenghuo	October 14, 2020
15.	Kangqiao outlet applet system for rental and sale V1.0	PRC	2020SR1509762	Kangqiao Yueshenghuo	October 14, 2020
16.	Yueshenghuo mobile application platform for property owners (Android version) V1.0	PRC	2020SR1516054	Kangqiao Yueshenghuo	October 21, 2020
17.	Kangqiao broker mobile application platform for rental and sale (IOS version) V1.0	PRC	2020SR1509697	Kangqiao Yueshenghuo	October 14, 2020
18.	Kangqiao broker applet system for rental and sale V1.0	PRC	2020SR1509757	Kangqiao Yueshenghuo	October 14, 2020
19.	Kangqiao e-commerce management platform (merchant side) V1.0	PRC	2020SR1509754	Kangqiao Yueshenghuo	October 14, 2020
20.	Yueshenghuo mobile application platform for property owners (IOS version V1.0	PRC	2020SR1516055	Kangqiao Yueshenghuo	October 21, 2020
21.	Kangyun YouJia mobile application platform (Android version) V1.0	PRC	2020SR1080201	Henan Yuequ Internet	September 11, 2020
22.	Kangyu Guanjia mobile application platform V1.0	PRC	2020SR1083702	Henan Yuequ Internet	September 11, 2020
23.	Kangqiao owner smart home platform (Android version) V1.0	PRC	2021SRA003371	Kangqiao Yueshenghuo	June 2, 2021
24.	Kangqiao owner smart home platform (IOS version) V1.0	PRC	2021SRA003384	Kangqiao Yueshenghuo	June 2, 2021
25.	Property billing management system V1.0	PRC	2021SR0506323	Henan Yuequ Internet	April 8, 2021
26.	Property customers system V1.0	PRC	2021SR0509777	Henan Yuequ Internet	April 8, 2021
27.	Property resource management system V1.0	PRC	2021SR0509776	Henan Yuequ Internet	April 8, 2021

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interest – Interests and Short Positions of Our Directors and the Chief Executive of Our Company in the Shares, Underlying Shares, and Debentures of Our Company and Its Associated Corporations

Immediately following the Capitalization Issue and the completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option), the interest or short position of our Directors or chief executives of our Company in the Shares, underlying shares, and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest 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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to our Company and the Stock Exchange, once the Shares are listed, are as follows:

Interests in the Company

Name of Director	Nature of interest	Number of shares interested[(1)]	Approximate percentage shareholding
Mr. Song[(2)]	Founder of a discretionary trust, Interest in a controlled corporation	498,750,000	71.25%

Notes:

1. All interests stated are long positions.

2. The entire share capital of Kangqiaoyue Shenghuo BVI is wholly owned by Hung Fai Property Limited. The Eternity Trust is a discretionary trust set up by Mr. Song as the settlor on November 10, 2020 for the benefit of Kangqiao Taichen BVI (a limited company incorporated in the BVI wholly owned by Mr. Song) and his family members with Trident Trust acting as the trustee. Mr. Song (as the founder of the Eternity Trust) and Trident Trust are taken to be interested in the Shares held by Kangqiaoyue Shenghuo BVI under the SFO.

Interests in shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares interested[(1)]	Percentage shareholding
Mr. Song	Kangqiaoyue Shenghuo BVI	Founder of a discretionary trust, Interests of controlled corporation	100	100%

Note:

1. All interests stated are long position.

(b) Particulars of Service Contracts and Letters of Appointment

Each of our executive Directors has entered into a service contract with our Company on June 17, 2021. We have issued letters of appointment to each of our non-executive Directors and independent non-executive Directors on June 17, 2021. The principal particulars of these service contracts and the letters of appointment are (i) for an initial fixed term of three years commencing from the Listing Date, and (ii) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' Remuneration

The aggregate remuneration (including fees, salaries, bonuses, allowances, and other benefits in kind such as contributions to pension plans) of our Directors incurred for each of the three years ended December 31, 2020 was approximately RMB1.95 million, RMB2.73 million, and RMB2.71 million, respectively.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group.

Save as disclosed in note 9 of the Accountant's Report set out in Appendix I to this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2021 is estimated to be approximately RMB2.94 million in aggregate.

2. Substantial Shareholders

(a) So far as our Directors are aware, immediately following the Capitalization Issue and the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons (other than a Director or chief executive of our Company) will have an interest in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares	Percentage of Shareholding
Mr. Song[(2)]	Founder of a discretionary trust Interest in a controlled corporation	498,750,000	71.25%
Hung Fai Property Limited[(2)]	Interest in a controlled corporation	498,750,000	71.25%
Kangqiao Shenghuo Holdings Limited[(2)]	Beneficial owner	498,750,000	71.25%
Trident Trust Company (South Dakota) Inc.[(2)]	Trustee	498,750,000	71.25%
Ms. Dong Yanxia[(3)]	Interest of spouse	498,750,000	71.25%

Notes:

(1) All interests stated are long positions.

(2) The entire share capital of Kangqiaoyue Shenghuo BVI is wholly owned by Hung Fai Property Limited. The Eternity Trust is a discretionary trust set up by Mr. Song as the settlor on November 10, 2020 for the benefit of Kangqiao Taichen BVI (a limited company incorporated in the BVI wholly owned by Mr. Song) and his family members with Trident Trust acting as the trustee. Mr. Song (as the founder of the Eternity Trust) and Trident Trust are taken to be interested in the Shares held by Kangqiaoyue Shenghuo BVI under the SFO.

(3) Ms. Dong Yanxia is the spouse of Mr. Song and is therefore deemed to be interested in the Shares in which Mr. Song is interested by virtue of the SFO.

(b) As of the Latest Practicable Date, so far as is known to our Directors, the following persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries in respect of such capital:

Name of Member of Our Group	Name of Shareholder	Approximate Percentage of Shareholding
Henan Kangqiao Yuejin	Mr. Qi Xinqiang	30%
Puyang Junyang Property	Mr. Li Zhijun	30%
Henan Kangqiao Zhuyou	Puyang Hongyi Property Management Co., Ltd. (濮陽市宏益物業管理有限公司)	33%
Henan Kangqiao Zhufu	Zhengzhou Zhufu Property Management Co., Ltd. (鄭州祝福物業管理有限公司)	40%
Henan Kangqiao Jiahe	Changyuan Property Management Co., Ltd. (長垣縣物業管理有限公司)	40%
Luohe Suhe Property	Luohe Suhe Industry Group Co., Ltd. (漯河蘇荷實業集團有限公司)	49%
Hebi Kangqiao Property	Hebi Jingkai Industry Group Co., Ltd. (鶴壁經開實業集團有限公司)	34%
Hebi Kangqiao Property	Hebi Jinda Tongfang Technology Co., Ltd. (鶴壁金達同方科技有限公司)	15%
Luohe Kangqiao Yuechang	Henan Changjian Property Service Co., Ltd. (河南昌建物業服務有限公司)	29%
Luohe Kangqiao Yuechang	Luohe Chengtou Cultural Tourism Development Co., Ltd. (漯河市城投文化旅遊產業開發有限公司)	20%
Zhejiang Lansheng	Lanjun Industry Group Co., Ltd. (藍郡實業集團有限公司)	44%
Zhengzhou Jixiang	Zhengzhou Gas Property Development Co., Ltd. (鄭州燃氣房地產開發有限公司)	49%
Zhengzhou Kangqiao Guotou	Zhengzhou Guotou Property Development Co., Ltd. (鄭州國投置業有限公司)	49%
Henan Kangqiao Aosheng	Tianjin Aosheng Hospital Management Co., Ltd. (天津奧勝醫院管理有限公司)	35%

3. Personal Guarantees

Our Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted or to be granted to any member of our Group.

4. Agency Fees or Commissions Received

No commissions, discounts, brokerages, or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

5. Related-Party Transactions

During the two years preceding the date of this prospectus, we were engaged in related-party transactions as described in note 31 of the Accountant's Report set out in Appendix I to this prospectus.

6. Directors' Competing Interest

None of our Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

7. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares, or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code once the Shares are listed on the Stock Exchange;

(b) none of our Directors nor any of the parties referred to under "– D. Other Information – 8. Qualification of Experts" in this appendix 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 nor any of the parties referred to under "– D. Other Information – 8. Qualification of Experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group as a whole;

(d) 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) so far as is known to our Directors or chief executive of our Company, no person (not being a Director or chief executive of our Company) who will, immediately following the Capitalization Issue and the completion of the Global Offering, have an interest or short position in the 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) none of our Directors, their respective close associates (as defined under the Listing Rules), or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Tax and Other Indemnity

Song Gewei, Hung Fai Property Limited and Kangqiaoyue Shenghuo Holdings Limited (康橋悦生活控股有限公司) have entered into a deed of indemnity dated June 17, 2021 in favor of the Company (for itself and as trustee for the benefit of each of its subsidiaries from time to time) (being a material contract referred to in "– B. Further Information about Our Business – 1. Summary of Material Contracts" in this appendix) to provide indemnities in respect of, among other things, any taxation resulting from income, profits or gains earned, accrued or received, as well as any fines, penalties, claims, costs, expenses, losses, indebtedness, damages and other liabilities resulting from or in connection with non-compliance with any applicable laws and regulations or failure to obtain requisite permits, licences, registrations and certifications or make adequate social security insurance and housing provident fund contributions or register any leases or permits of any premises occupied or used by any member of the Group on or before the Listing Date when the Global Offering becomes unconditional, save:

(a) to the extent that provision or allowance has been made for such taxation or taxation claims in the audited combined financial statements of the Group for the three years ended December 31, 2020;

(b) to the extent that such taxation falling on any member of the Group in respect of any period commencing on or after January 1, 2021 unless liability for such taxation would not have arisen but for some act or omission of, or transaction entered into by, any member of the Group otherwise than in the ordinary course of business after the Listing Date; and

(c) to the extent that provision or reserve made for such taxation in the audited combined financial statements of the Group for the three years ended December 31, 2020 is finally established to be an over-provision or an excessive reserve.

3. Litigation

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, no member of our Group had been involved in any arbitration, litigation or administrative proceedings, or any other claims or disputes of material importance, and no arbitration, litigation or administrative proceedings, or claim or dispute of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that could be expected to have a material adverse effect on our reputation, business, results of operations, or financial condition.

4. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor is entitled to a fee of US$0.5 million for acting as our sole sponsor in connection with the Listing.

5. Preliminary Expenses

Our estimated preliminary expenses are approximately US$7,079.27 and are payable by our Company.

6. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities, or other benefit has been paid, allotted, or given, or is proposed to be paid, allotted, or given, to any promoter 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 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 of or, if higher, of 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. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

8. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
CCB International Capital Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities 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)
Jingtian & Gongcheng	PRC legal advisor to our Company
Campbells	Cayman Islands legal advisor

Name	Qualifications
China Index Academy	Industry consultant

9. Consents of Experts

Each of the experts as referred to in "– D. Other Information – 8. Qualification of Experts" in this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report(s), view(s), and/or letter(s) and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version of this prospectus, the English language version shall prevail.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group in the 12 months preceding the date of this prospectus.

13. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages, or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iv) no commissions had been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription, or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Save as disclosed in this prospectus, no founder, management or deferred shares, convertible debt securities, nor any debentures in our Company or any of our subsidiaries has been issued or agreed to be issued.

(c) Our Directors confirm that 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) Our Directors confirm that our Company has no outstanding convertible debt securities or debentures.

(e) All necessary arrangements have been made to enable the Shares to be admitted to CCASS for clearing and settlement.

(f) No members of our Group are presently listed on any stock exchange or traded on any trading system, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange.

(g) There is no arrangement under which future dividends are waived or agreed to be waived.

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) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information – D. Other Information – 9. Consents of Experts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Paul Hastings at 22/F, Bank of China Tower, 1 Garden Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountant's Report on the historical financial information of our Group for the three years ended December 31, 2020 from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;

(d) the audited combined financial statements of our Group for the three years ended December 31, 2020;

(e) the legal opinions issued by Jingtian & Gongcheng, our PRC legal advisor, in respect of certain aspects of the Group and the property interests of the Group;

(f) the letter of advice issued by Campbells, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Companies Act referred to in Appendix III to this prospectus;

(g) the material contracts referred to in the section headed "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(h) the written consents referred to in the section headed "Statutory and General Information – D. Other Information – 9. Consents of Experts" in Appendix IV to this prospectus;

(i) the service contracts and letters of appointment referred to in the section headed "Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 1. Directors – (b) Particulars of Service Contracts and Letters of Appointment" in Appendix IV to this prospectus;

(j) the Cayman Companies Act; and

(k) the industry report issued by China Index Academy, an independent industry consultant.

康橋悅生活集團有限公司

Kangqiao Service Group Limited