融信服務集團股份有限公司
RONSHINE SERVICE HOLDING CO., LTD

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2207

GLOBAL OFFERING

Sole Sponsor

海通國際 HAITONG

Joint Global Coordinators

海通國際 HAITONG

招銀国际 CMB INTERNATIONAL

Joint Bookrunners

海通國際 HAITONG

招銀国际 CMB INTERNATIONAL

光大证券 EVERBRIGHT SECURITIES

CMS 招商證券國際

CRIC 克而瑞證券 CRIC SECURITIES CO. LTD

VISION

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

Ronshine Service Holding Co., Ltd
融信服務集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**125,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	:	**12,500,000 Shares (subject to reallocation)**
Number of International Placing Shares	:	**112,500,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	:	**Not more than HK$5.63 per Offer Share and expected to be not less than HK$4.68 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**2207**

Sole Sponsor

Joint Global Coordinators

Joint Bookrunners

Joint Lead Managers

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

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

The final Offer Price is expected to be fixed by agreement between the Sole Representative (on behalf of the Underwriters) and the Company on the Price Determination Date, which 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$5.63 per Offer Share and is currently expected to be not less than HK$4.68. If, for any reason, the final Offer Price is not agreed by Wednesday, July 14, 2021 between the Sole Representative (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

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

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

Should the Sole Representative (on behalf of the Hong Kong Underwriters) terminate their obligations under the Hong Kong Underwriting Agreement, the Global Offering will not proceed and will lapse.

June 30, 2021

	Date[1]
Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Wednesday, June 30, 2021
Latest time to complete electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Friday, July 9, 2021
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Friday, July 9, 2021
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, July 9, 2021
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, July 9, 2021
Application lists of the Hong Kong Public Offering close[3]	12:00 noon on Friday, July 9, 2021
Expected Price Determination Date[5]	Friday, July 9, 2021
Announcement of the Offer Price, the levels of indication of interest in the International Placing, the level of applications in respect of the Hong Kong Public Offering and basis of allocation under the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **http://www.rxswy.com/**[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 the Hong Kong Public Offer Shares—11. Publication of Results" from	Thursday, July 15, 2021

Results of allocations in the Hong Kong Public Offering to be available at **www.iporesults.com.hk** (alternatively: English: **https://www.eipo.com.hk/en/Allotment**; Chinese: **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on . . . . Thursday, July 15, 2021

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before(7) . . . . Thursday, July 15, 2021

Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS(7) . . . . Thursday, July 15, 2021

Despatch/collection of **White Form eIPO** e-Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Hong Kong Public Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before(8) . . . . Thursday, July 15, 2021

Dealings in the Shares on the Stock Exchange to commence at 9:00 a.m. on . . . . Friday, July 16, 2021

The application for the Hong Kong Public Offering will commence on Wednesday, June 30, 2021 through Friday, July 9, 2021. Such time period is longer than the normal market practice of four days. The Offer Price of our Shares will be determined 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 application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Thursday, July 15, 2021, and our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be on Friday, July 16, 2021. Accordingly, investors may not be able to sell or deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

Notes:

(1) All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, are set out in "Structure and Conditions of the Global Offering" in this prospectus. If there is any change in this expected timetable, an announcement will be published.

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

(3) If there is/are a "black" rainstorm warning, a tropical cyclone warning signal number eight or above and/or "extreme conditions" in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 9, 2021, the application lists will not open and close on that day. For more information, please see "How to Apply for the Hong Kong Public Offer Shares—10. Effect of bad weather and/or extreme conditions on the opening of the application lists" in this prospectus. If the application lists do not open and close on Friday, July 9, 2021, the dates mentioned in this section may be affected. Announcement will be made by us in such event.

(4) Applicants who apply by giving **electronic application instructions** to HKSCC should see "How to apply for the Hong Kong Public Offer Shares—6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, July 9, 2021 and in any event, not later than Wednesday, July 14, 2021. If, for any reason, the final Offer Price is not agreed by Wednesday, July 14, 2021 between the Sole Representative (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

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

(7) Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offering and have provided all information required on their Application Forms may collect Share certificates (if applicable) and refund cheques (if 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 any other date as notified by us as the date of dispatch of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by sending their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Applicants who have applied on **YELLOW** Application Forms may not collect their Share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected Share certificates and refund cheques will be dispatched by ordinary post to the addresses specified in the relevant applications at the applicants' own risk. For more information, please see "How to Apply for the Hong Kong Public Offer Shares" in this prospectus.

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

Share certificates are expected to be issued on Thursday, July 15, 2021 but will only become valid certificates of title at 8:00 a.m. 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 terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

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

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

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

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

OVERVIEW

We are a comprehensive and fast-growing property management services provider in China, offering diversified property management services for both residential and non-residential properties. According to CIA, we were ranked 19th, 20th and 24th among the Top 100 Property Management Companies in the PRC in terms of overall strength[(1)] in 2021, 2020 and 2019 (2021中國物業服務百強企業第19名，2020中國物業服務百強企業第20名和2019年中國物業服務百強企業第24名), respectively. According to CIA, we were one of the top 10 companies among the Top 100 Property Management Companies in the PRC in terms of growth (中國物業服務百強企業成長性10強) in 2019, and one of the leading companies among the Top 100 Property Management Companies in the PRC in terms of growth (中國物業服務百強成長性領先企業) in 2020. In 2021, we were recognized as one of the leading companies in terms of service quality among the Top 100 Property Management Companies in the PRC (2021中國物業服務百強服務質量領先企業), one of the leading property management companies in the PRC in terms of marketalisation of business (2021中國物業管理行業市場化運營領先企業) and one of the leading property management companies in providing high-end property management services in the PRC (2021年中國高端物業服務領先企業) by CIA. Please see "Industry Overview—Competition—Competitive Landscape" for more details on our recognitions.

We have established national presence in the PRC market by not only having a strong foothold in the Western Straits Region and Yangtze River Delta Region, but also rapidly expanding to Other Regions in the PRC market. As of December 31, 2020, we had 119 projects under our management and 91 projects we were contracted to manage but not yet delivered to us, covering 44 cities in the two major regions and Other Regions, with a total GFA under management of approximately 19.9 million sq.m. and a total contracted GFA of approximately 38.2 million sq.m.

Note:

(1) According to CIA, we were ranked 86th in terms of total revenue and 92nd in terms of total GFA under management in 2020, and our market share was approximately 0.12% in terms of total revenue and 0.08% in terms of total GFA under management in the same year.

We provide comprehensive property management services as we offer diversified property management services for both residential and non-residential properties, including a wide range of properties, such as government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks. We are dedicated to provide professional and quality services by adhering to our service philosophy of "working hard to bring satisfaction and affection to our customers" ("用心讓您滿意, 努力讓您感動"), and create "quality, cozy and loving" ("有品質、有溫度、有愛") communities that would bring better living experiences to our customers. To closely cater to diversified needs from certain of our customers, we introduced the ROYEEDS (融御) brand in 2017, which is aimed to provide tailored services to meet our customers' needs for high-end communities.

We have established a long-term cooperative relationship with Ronshine China Group and provided services to projects developed by Ronshine China Group during the Track Record Period. We also began to provide property management services to projects developed by independent third-party property developers in 2016. We have experienced fast growth in terms of revenue as we continuously expanded our business operations and scale. In 2018, 2019 and 2020, the total revenue generated from property management services provided in relation to projects developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou amounted to RMB180.6 million, RMB215.3 million and RMB265.6 million, respectively, accounting for 76.3%, 75.6% and 72.3%, respectively, of our total revenue generated from property management services for the same year, while the total revenue generated from property management services provided in relation to projects developed by Independent Third Parties amounted to RMB56.0 million, RMB69.7 million and RMB101.8 million, respectively, accounting for 23.7%, 24.4% and 27.7%, respectively, of our total revenue generated from property management services for the same year.

In 2018, 2019 and 2020, the total revenue generated from value-added services to non-property owners provided in relation to projects developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou amounted to RMB140.3 million, RMB170.2 million and RMB290.3 million, respectively, accounting for 81.2%, 75.6% and 78.8%, respectively of our total revenue generated from value-added services to non-property owners for the same year, while the total revenue generated from value-added services to non-property owners provided in relation to projects developed by Independent Third Party amounted to RMB32.4 million, RMB54.8 million and RMB77.9 million, respectively, accounting for 18.8%, 24.4% and 21.2%, respectively, of our total revenue generated from value-added services to non-property owners for the same year.

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 a wide range of property management services to property developers, owners and residents. Our property management services primarily consist of cleaning, security, greening, car park management, and repair and maintenance services. Our portfolio of managed properties comprises residential properties and non-residential properties, which primarily include government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks.

- *Value-added services to non-property owners*. We provide a series of value-added services to non-property owners, which primarily include property developers. Our value-added services to non-property owners primarily consist of (i) sales assistance services; (ii) preliminary planning, design consultancy and pre-delivery services; and (iii) driving and vehicle dispatching and managing services, under which we provide drivers and related car management services to our customers on an on-demand basis according to the terms of relevant agreements.

- *Community value-added services*. We provide a wide range of community value-added services to property owners and residents. Our community value-added services primarily consist of (i) community shopping services ("Joyful Life Service") (和美生活); (ii) decoration and furnishing services and home maintenance services ("Joyful Living Service") (和美易居); (iii) property agency services ("Joyful Leasing and Sale Service") (和美租售); and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas of residential properties under our management.

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

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Property management services	236,597	57.2	285,003	55.0	367,306	48.9
Value-added services to non-property owners	172,752	41.8	225,062	43.4	368,243	49.1
Community value-added services	4,300	1.0	8,367	1.6	14,876	2.0
Total	**413,649**	**100.0**	**518,432**	**100.0**	**750,425**	**100.0**

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

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Ronshine China Group	134,820	32.6	156,735	30.2	268,828	35.8
Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou[(1)]	14,337	3.5	28,928	5.6	37,155	5.0
Independent Third Parties[(2)]	264,492	63.9	332,769	64.2	444,442	59.2
Total	**413,649**	**100.0**	**518,432**	**100.0**	**750,425**	**100.0**

Notes:

(1) Refer to (i) joint ventures and associates of Ronshine China Group in which Ronshine China Group did not hold a controlling interest and (ii) companies beneficially owned by Mr. Ou.

(2) Includes (i) property developers other than Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou, and (ii) property owners and/or residents.

Our revenue increased generally during the Track Record Period, primarily due to the increase in revenue from property management services and value-added services to non-property owners. Our revenue from community value-added services also increased generally during the Track Record Period.

In terms of type of customers, we derived a majority of our revenue from third parties. Our revenue generated from Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou increased from RMB149.1 million in 2018 to RMB185.7 million in 2019, and further increased substantially to RMB306.0 million in 2020, primarily due to the increase in revenue from value-added services to non-property owners from Ronshine China Group from RMB126.7 million in 2018 to RMB142.7 million in 2019, and further increased substantially to RMB253.7 million in 2020 due to the expansion of pre-sales activities relating to the projects developed by Ronshine China Group. Please see "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue—Revenue from Property Management Services" for details.

The table below sets forth a breakdown of our revenue generated from property management services and value-added services to non-property owners for the years indicated, by the type of property developer:

	As of or for the year ended December 31,					
	2018		2019		2020	
	Revenue		*Revenue*		*Revenue*	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Projects developed by Ronshine China Group(1)	303,189	74.1	349,384	68.5	502,726	68.3
Jointly Developed Projects(2)	17,696	4.3	36,187	7.1	53,145	7.2
Subtotal	320,885	78.4	385,571	75.6	555,871	75.6
Projects developed by independent third-party property developers	88,464	21.6	124,494	24.4	179,678	24.4
Total	**409,349**	**100.0**	**510,065**	**100.0**	**735,549**	**100.0**

Notes:

(1) Refers to projects developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest. In 2018, 2019 and 2020, revenue received from Ronshine China Group as our customer amounted to RMB134.8 million, RMB156.7 million and RMB268.8 million, respectively.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Residential properties	6,017	129,491	54.7	8,790	149,527	52.5	12,178	202,435	55.1
Non-residential properties	4,550	107,106	45.3	7,089	135,476	47.5	7,752	164,871	44.9
Office buildings	3,443	48,359	20.4	5,904	72,489	25.4	6,767	103,655	28.2
Commercial properties	234	44,265	18.7	290	47,610	16.7	234	42,900	11.7
Public facilities	438	6,443	2.7	489	7,818	2.7	127	7,201	2.0
Industrial parks and logistic parks	179	3,937	1.7	21	2,695	0.9	163	2,375	0.6
Schools	138	2,804	1.2	138	1,943	0.7	–	1,009	0.3
Hospitals	–	344	0.1	57	312	0.1	80	5,099	1.4
Others	118	954	0.5	190	2,609	1.0	381	2,632	0.7
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

As a result of our strong market position, reputable brand name, extensive project portfolio and quality services, we have been able to achieve considerable growth in terms of total revenue and net profit during the Track Record Period. Our total revenue grew at a CAGR of approximately 34.7% from RMB413.6 million for 2018 to RMB750.4 million for 2020, and our net profit grew at a CAGR of approximately 58.7% from RMB33.8 million for 2018 to RMB85.1 million for 2020.

The total GFA under our management for projects developed by independent third-party property developers increased from approximately 4.2 million sq.m. as of December 31, 2018, to approximately 6.7 million sq.m. as of December 31, 2019, and further to 7.5 million sq.m. as of December 31, 2020. Our revenue generated from managing projects developed by independent third-party property developers increased by 24.3% from RMB56.0 million in 2018 to RMB69.7 million in 2019, and further increased by 46.0% to RMB101.8 million in 2020. The total number of projects under our management also increased during the Track Record Period. The total number of projects developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou and managed by us grew from 40 as of December 31, 2018 to 81 as of December 31, 2020; and the total number of projects developed by independent third-party property developers and managed by us increased from 16 as of December 31, 2018 to 38 as of December 31, 2020.

The following table sets out the average property management fee for our property management services provided to residential and non-residential projects (excluding non-residential projects charged on a fixed annual contract amount, the Other Non-residential Properties as defined in the section headed "Financial Information") for the years indicated, by the type of property developer:

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB per sq.m. per month)		
Residential properties			
Projects developed by Ronshine China Group(1)	2.4	2.6	2.6
Jointly Developed Projects(2)	2.0	2.2	2.3
Projects developed by independent third-party property developers	1.2	1.2	1.6
Overall average property management fee for residential properties	**2.3**	**2.5**	**2.5**
Non-residential properties(3)			
Projects developed by Ronshine China Group(1)	7.6	6.7	7.5
Jointly Developed Projects(2)	5.0	5.0	5.0
Projects developed by independent third-party developers	N/A	N/A	N/A
Overall average property management fee for non-residential properties	**7.4**	**6.6**	**7.4**
Overall average property management fee	**2.5**	**2.7**	**2.7**

Notes:

(1) Includes properties solely developed by Ronshine China Group and properties that Ronshine China Group jointly developed with third-party property developers for which properties Ronshine China Group held a controlling interest.

(2) For residential properties, Jointly Developed Projects included projects jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest. For non-residential properties, Jointly Developed Projects included projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou. During the Track Record Period, we provided property management service to the office

building area of a hotel that was developed by companies beneficially owned by Mr. Ou from 2017 to May 2020, and subsequently sold by Mr. Ou to a third party in May 2020. As of the Latest Practicable Date, this non-residential property project was under our management.

(3) Excluding non-residential projects charged on a fixed annual contract amount.

The property management fee for our Other Non-residential Properties were charged on a fixed annual contract amount according to the service requirements for such properties, and therefore the property management fee charged generally does not correspond to the GFA under management for the relevant properties. Accordingly, the indicative average property management fee set out below for the Other Non-residential Properties should only be taken as reference as such is not comparable to our other projects or property management projects of other companies where the property management fee is determined with reference to the GFA under management:

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB per sq.m. per month)		
Other Non-residential properties[(2)]			
Commercial building	15.8	14.2	14.5
Office building	1.1	0.9	1.1
Industrial park and logistics park	1.8	6.3	1.5
School	1.7	1.2	N/A[(1)]
Public facilities	1.1	1.4	3.5
Hospitals	N/A[(1)]	5.5	5.9
Others	1.6	1.1	1.1

Notes:

(1) We did not manage any project of such type during the relevant year.

(2) Represent non-residential projects charged on a fixed annual contract amount.

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

	For the year ended December 31,					
	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	46,323	19.6	65,542	23.0	85,252	23.2
Value-added services to non-property owners	66,010	38.2	98,360	43.7	125,937	34.2
Community value-added services	1,335	31.0	3,335	39.9	5,122	34.4
Total	**113,668**	**27.5**	**167,237**	**32.3**	**216,311**	**28.8**

Our gross profit margin experienced an upward trend from 2018 to 2019, primarily due to the increases in gross profit margins of our value-added services to non-property owners and community value-added services. Our gross profit margin for property management services increased from 19.6% in 2018 to 23.0% in 2019, primarily due to (i) an increase in the average property management fee for residential properties, which was mainly due to the increased projects developed by Ronshine China Group and delivered to us for management in 2019, (ii) an increase in the total GFA under management for non-residential properties and (iii) the implementation of our cost control measures to reduce labor costs, such as sub-contracting labor-intensive work to third parties to reduce labor cost and employing technological solutions to replace manual labor to improve operating efficiency. Our gross profit margin for value-added services to non-property owners increased from 38.2% in 2018 to 43.7% in 2019, primarily due to the greater economies of scale as a result of our business expansion in this business segment and improvement of our cost control measures to better allocate resources to achieve better cost efficiency. Our gross profit margin for community value-added services increased from 31.0% in 2018 to 39.9% in 2019, primarily due to (i) the commencement of our Joyful Leasing and Sale Services in 2019, which had a relatively high profit margin as compared to those of Joyful Life Service and Joyful Living Services, as it is less labor-intensive, and (ii) an increase in gross profit margin of our ancillary services for common areas under our management as we were able to grow customer base for this business and achieved a higher utilized rate for common areas in 2019.

Our gross profit margin decreased slightly from 32.3% for 2019 to 28.8% for 2020, primarily due to a decrease in the gross profit margin of our value-added services to non-property owners, which decreased from 43.7% for 2019 to 34.2% for 2020, primarily due to the decrease in gross profit margin of our sales assistance services and design consultancy and pre-delivery services, as we charged discounted service fee for sales assistance services between February 2020 and May 2020 as a promotion strategy in response to the decreasing demand for such services provided during the COVID-19 outbreak. Please see "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin" for details.

In addition, the table below sets forth a breakdown of our gross profit and gross profit margin from property management services by property developers 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*	*%*
Projects developed by Ronshine China Group[(1)]	34,489	19.5	47,514	23.0	57,441	23.1
Jointly Developed Projects[(2)]	758	18.6	1,930	22.4	3,747	22.7
Subtotal	35,247	19.5	49,444	23.0	61,188	23.0
Projects developed by independent third-party property developers	11,076	19.8	16,098	23.1	24,064	23.6
Total	46,323	19.6	65,542	23.0	85,252	23.2

Notes:

(1) Refers to properties developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

Our gross profit margin for projects developed by Ronshine China Group and Jointly Developed Projects generally increased during the Track Record Period primarily due to a general increase in the average property management fee for such projects as we managed more projects in first-tier and second-tier cities where we were able to charge higher fees. We also experienced increased in our gross profit margins from property management services to independent third-party property developers, as we continued to grow the total GFA under management from projects developed by independent third-party property developers, with new projects added in 2020 from first-tier and second-tier cities which were charged at relatively higher fees as compared to that of other cities.

OUR COMPETITIVE STRENGTHS

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

- A comprehensive and fast-growing property management company established in the Western Straits Region and Yangtze River Delta Region, and rapidly expanding to other economically developed regions in the PRC;
- Diversified revenue streams generating income from a wide variety of property types and customers and differentiated value-added services;
- Strong support from Ronshine China Group with a large project portfolio focusing on mid- to high-end properties and our ability to obtain projects from independent third parties;
- Quality service and excellent customer experience to enhance customer satisfaction and increase our brand value;
- Wide application of intelligent information technology systems enhancing operational efficiency; and
- Experienced senior management team and sound talent cultivation system to support our sustainable growth.

OUR BUSINESS STRATEGIES

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

- Diversify our project portfolio and expand our business coverage by pursuing strategic investments and acquisitions;
- Continue to implement our "1+N" strategy, expand our value-added services and offer tailored services to further diversify our revenue streams;

- Focus on technology innovation and further upgrade of our intelligent information technology systems to maximize operational efficiency and enhance customer experience;

- Leverage our experience at managing mid- to high-end properties to further build our ROYEEDS (融御) brand into a leading property management brand for high-end properties; and

- Continue to attract, train and retain professional talents and further enhance our internal talent training programs to support our rapid expansion.

OUR CUSTOMERS AND SUPPLIERS

Our customer base primarily consists of property developers, property owners and residents. During the Track Record Period, our largest customer was Ronshine China Group, to whom we provided property management services, value-added services to non-property owners and community value-added services. In 2018, 2019 and 2020, revenue generated from our services provided to Ronshine China Group amounted to approximately RMB134.8 million, RMB156.7 million and RMB268.8 million, respectively, accounting for approximately 32.6%, 30.2% and 35.8% of our total revenue, respectively. In 2018, 2019 and 2020, revenue from our five largest customers amounted to approximately RMB214.2 million, RMB271.2 million and RMB409.4 million, respectively, accounting for approximately 51.7%, 52.3% and 54.6% of our total revenue for the same years, respectively. Please see "Business—Customers" in this prospectus for more information.

For all three of our business lines, our suppliers are primarily subcontractors located in China which provide cleaning, security, greening, certain repair and maintenance services and dispatched workers. In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to approximately RMB20.3 million, RMB19.5 million and RMB28.6 million, respectively, accounting for approximately 22.2%, 19.5% and 15.9% of our total purchase for the same years, respectively. Please see "Business—Suppliers" in this prospectus for more information.

CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option), Rongxin Yipin and Fumei International will, in aggregate, directly hold 75% of the issued share capital of our Company. Both Rongxin Yipin and Fumei International are wholly owned by HSBC International Trustee Limited as the trustee of the Family Trust through its special purpose holding vehicle. Mr. Ou, through Rongxin Yipin and Fumei International, controls more than 30% of the voting power at the general meeting of our Company. Accordingly, Mr. Ou, Rongxin Yipin and Fumei International are our Controlling Shareholders under the Listing Rules. Please see "Relationship with Our Controlling Shareholders".

We have entered into certain agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. Please see "Connected Transactions."

RELATIONSHIP WITH RONSHINE CHINA GROUP

Ronshine China Group is a large-scale and comprehensive property developer in the PRC focusing on mid- to high-end properties. Since our establishment, our Group and Ronshine China Group have a long and close business relationship. During the Track Record Period, our Group provided property management services to the majority of the properties developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou, and most of our revenue and GFA under management were contributed by residential properties developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou. The business relationship between our Group and Ronshine China Group has been mutually beneficial and complementary. It is expected that our Group will continue to be engaged by Ronshine China Group to provide property management and related services after Listing. We have also adopted various measures to further diversify our customer base and to further reduce our reliance on Ronshine China Group. For more information, please see "Relationship with Our Controlling Shareholders" and "Connected Transactions."

SUMMARY KEY FINANCIAL INFORMATION

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

Selected Items of Consolidated Statements of Comprehensive Income

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	413,649	518,432	750,425
Gross profit	113,668	167,237	216,311
Operating profit	46,325	99,000	121,614
Profit before income tax	46,306	99,049	121,899
Total comprehensive income for the year is attributable to:			
– Owners of the Company	36,372	70,036	82,511
– Non-controlling interests	(2,576)	1,469	2,560
Total comprehensive income for the year	**33,796**	**71,505**	**85,071**

During the Track Record Period, our revenue increased primarily attributable to (i) the increase in the revenue from property management services, which was mainly driven by the increase in the total GFA under management and also our geographic expansion of our property management services, and (ii) the increase in the revenue from value-added services to non-property owners, which was generally in line with our business expansion. Our total GFA under management was approximately 10.6 million sq.m., 15.9 million sq.m. and 19.9 million sq.m. as of December 31, 2018, 2019 and 2020, respectively. The increase of our total GFA under management was primarily due to the increase in GFA under management for project developed by Ronshine China Group and project developed by independent third-party property developers, along with our business expansion.

Our gross profit during the Track Record Period was RMB113.7 million, RMB167.2 million and RMB216.3 million, respectively. The overall increase in our gross profit was primarily in line with the aforementioned growth in our revenue.

We recorded an opening balance of accumulated losses, on a consolidated basis, in the amount of RMB0.2 million as of December 31, 2017, primarily due to our relatively small business scale and the limited gross profit margin of projects at the early stage of our business. We improved our financial performance in the following years, primarily attributed to (i) our effective cost control measures, including adopting technological solutions to replace manual labor in our management and services to customers; (ii) the increase in our property management service fee scale; and (iii) the expansion of our customer base by managing more projects developed by independent third-party property developers. As December 31, 2018, we no longer recorded any accumulated losses after accumulation of earnings. As of December 31, 2018, 2019 and 2020, we had retained earnings of RMB36.1 million, RMB106.2 million and RMB88.7 million, respectively.

In 2018, we recorded a net loss attributable to non-controlling interests of RMB2.6 million, mainly because Ronshine Property Management, in which we held a 52% equity interest as of December 31, 2018, recorded a net loss of RMB5.4 million in 2018.

Selected Items of Consolidated Balance Sheet

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	8,845	6,158	19,318
Current assets	220,267	376,229	403,275
Total assets	229,112	382,387	422,593
Equity attributable to owners of the Company	41,139	111,175	55,686
Non-controlling interests	(4,348)	(2,879)	(319)
Total equity	36,791	108,296	55,367
Current liabilities	191,814	273,711	361,486
Total assets less current liabilities	37,298	108,676	61,107
Net current assets	28,453	102,518	41,789

We recorded a decrease of non-current assets from RMB8.8 million as of December 31, 2018 to RMB6.2 million as of December 31, 2019 and then an increase to RMB19.3 million as of December 31, 2020. The fluctuation of our non-current asset was mainly due to the fluctuation in our right-of-use assets from our leased office leases. Please see "Financial Information—Description of Selected Items of Consolidated Balance Sheet" for more details. We recorded net current assets as of December 31, 2018, 2019 and 2020. Our net assets increased from RMB36.8 million as of December 31, 2018 to RMB108.3 million as of December 31, 2019, and our net current assets increased from RMB28.5 million as of December 31, 2018 to RMB102.5 million as of December 31, 2019. Both increases were primarily due to an increase in trade and other receivables and prepayments which was in line with our business expansion. Our net assets decreased from RMB108.3 million as of December 31, 2019 to RMB55.4 million as of December 31, 2020, and our net current assets decreased from RMB102.5 million as of December 31, 2019 to RMB41.8 million as of December 31, 2020. Both decreases were primarily due to (i) the decrease in financial assets at fair value through profit or loss, as we stopped investment in wealth management products; (ii) the increase in trade and other payables, as our accrued payroll and other payables increased; and

(iii) the dividend declared and paid of RMB100.0 million in 2020, which is partially offset by an increase in our net asset level due to the net profit for the year ended December 31, 2020 of RMB85.1 million. For details, please see "Financial Information—Current Assets and Current Liabilities."

Selected Items of Consolidated Statements of Cash Flow

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flow before changes in working capital	50,773	103,146	124,043
Changes in working capital	(24,356)	(24,603)	184,793
Cash generated from operations	**26,417**	**78,543**	**308,836**
Interest received	97	150	545
Income tax paid	(5,532)	(15,701)	(53,217)
Net cash generated from operating activities	20,982	62,992	256,164
Net cash (used in)/generated from investing activities	(10,716)	(40,432)	67,058
Net cash used in financing activities	(1,349)	(1,833)	(145,121)
Net increase in cash and cash equivalents	**8,917**	**20,727**	**178,101**
Cash and cash equivalents at beginning of year	41,477	50,394	71,121
Exchange losses on cash and cash equivalents	–	–	(1)
Cash and cash equivalents at end of year	**50,394**	**71,121**	**249,221**

The increase in net cash generated from operating activities from 2018 to 2019 was primarily attributable to the increase in net profit and an increase in trade payables as a result of increasing subcontracting we conducted as a cost effective measure. The significant increase in net cash generated from operating activities from 2019 to 2020 was attributable to the expediated collection efforts we made to our related parties, which resulted in a much less trade receivables balance as compared to that as of December 31, 2019.

Summary of Key Financial Ratios

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

	As of or for the year ended December 31,		
	2018	2019	2020
Return on equity[(1)] (%)	159.5	98.6	104.0
Return on total assets[(2)] (%)	17.5	23.4	21.1
Current ratio[(3)] (times)	1.1	1.4	1.1
Gearing ratio[(4)] (%)	5.1	1.3	15.3

Notes:

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

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

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

(4) Equals total interest-bearing borrowings, including lease liabilities, divided by total equity as of the end of that year and multiplied by 100%.

Our return on equity decreased from 159.5% in 2018 to 98.6% in 2019, primarily due to the increase in our total equity as a result of accumulation of profit of respective years. Our return on equity increased from 98.6% in 2019 to 104.0% in 2020, primarily due to the increase in profit for the year as a result of our business expansion. In addition, our gearing ratio increased from 1.3% in 2019 to 15.3% in 2020, primarily because our total equity decreased from RMB108.3 million in 2019 to RMB55.4 million in 2020, as we paid dividend of RMB100.0 million during 2020. For analysis of other key financial ratios, please see "Financial Information—Key Financial Ratios" for details.

APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The application for the Hong Kong Public Offering will commence on Wednesday, June 30, 2021 through Friday, July 9, 2021. Such time period is longer than the normal market practice of four days. The Offer Price of our Shares will be determined 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 application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Thursday, July 15, 2021, and our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be on Friday, July 16, 2021.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Capitalisation Issue and the Global Offering are completed and 125,000,000 Shares are issued in the Global Offering; and (ii) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$4.68 per Offer Share	Based on an Offer Price of HK$5.63 per Offer Share
Market capitalization of our Shares	HK$2,340 million	HK$2,815 million
Unaudited pro forma adjusted net tangible asset value per Share[(1)]	HK$1.24	HK$1.47

Note:

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

DIVIDENDS

As of December 31, 2020, we have settled the RMB100.0 million dividend payable. We have no fixed dividend policy. Declaration of dividends is subject to the discretion of our Directors, depending on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects, as well as any other factors which our Directors may consider relevant. There can be no assurance that we will be able to declare any dividend in the amount set out in any plan of the Board or at all. We currently do not have any dividend policy or intention to declare or pay any dividends in the near future. For more details, please see "Financial Information—Dividends" in this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$593.0 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$5.155 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60.0%, or approximately HK$355.8 million, will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and our geographic coverage;

- approximately 11.0%, or approximately HK$65.2 million, will be used to further diversify our project portfolio and value-added services;

- approximately 15.0%, or approximately HK$89.0 million, will be used to develop and upgrade hardware and software used in our operations;

- approximately 4.0%, or approximately HK$23.7 million will be used to further develop our property management services provided to high-end properties under our ROYEEDS (融御) brand; and

- approximately 10.0%, or approximately HK$59.3 million, will be used for general business operations and working capital.

According to the CIA, of the Top 100 Property Management Companies for 2020, there were approximately 10 property management companies in the Western Straits Region, approximately 46 property management companies in the Yangtze River Delta Region and 53 property management companies in the midwestern region of China that meet the criteria set forth in the section headed "Future Plans and Use of Proceeds". According to the CIA, of nearly 200,000 property management companies operating in the PRC in 2020, there were approximately 70 property management companies in the Western Straits Region, approximately 200 property management companies in the Yangtze River Delta Region and 300 property management companies in the midwestern region of China that meet the criteria set forth in the section headed "Future Plans and Use of Proceeds." Based on the number of probable acquisition targets in the property management market as advised by CIA, our knowledge, experience and expertise, our Directors are of the view that we will be able to identify suitable investment or acquisition targets in the market that meet the criteria. If the net proceeds are insufficient to cover the acquisition costs, we intend to supplement the shortfall by using cash generated from our operations. As of the Latest Practicable Date, we had not identified or committed to any investment or acquisition targets for our use of net proceeds from the Global Offering. We face competition from industry peers with respect to our acquisition and investment plans, particularly those listed on the Stock Exchange that are actively seeking quality acquisition or investment targets in the market to achieve their expansion goals. For details, please see "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation."

To the extent that the net proceeds from the Global Offering are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to place the net proceeds in short-term demand deposits with licensed banks or financial institutions to avoid investment risks. We will make a formal announcement in the event that there is any change in our use of net proceeds from the purposes stated above or in our allocation of the net proceeds in the proportions stated above.

For more information, please see "Future Plans and Use of Proceeds" in this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Development of Our Services

As compared to our total contracted GFA of approximately 38.2 million sq.m. as of December 31, 2020, we had an aggregate contracted GFA of approximately 42.0 million sq.m. as of the Latest Practicable Date, including 132 projects developed by Ronshine China Group with an aggregate contracted GFA of approximately 20.1 million sq.m., 32 Jointly Developed Projects with an aggregate contracted GFA of 5.5 million sq.m. and 60 projects solely developed by independent third-party property developers with an aggregate contracted GFA of 16.4 million sq.m. Among such aggregate contracted GFA as of the Latest Practicable Date, the aggregate GFA delivered for our management was 22.9 million sq.m., including projects developed by Ronshine China Group with an aggregate GFA of 12.1 million sq.m., Jointly Developed Projects with an aggregate GFA of 1.5 million sq.m. and projects solely developed by independent third-party property developers with an aggregate GFA of 9.7 million sq.m. Subsequent to the Track Record Period and up to the Latest Practicable Date, we had been awarded four new projects developed by Ronshine China Group with an aggregate contracted GFA of 0.3 million sq.m., two Jointly Developed Projects with an aggregate contracted GFA of 0.3 million sq.m. and 16 projects solely developed by independent third-party property developers with an aggregate contracted GFA of approximately 5.0 million sq.m. Our Directors confirmed that the material terms of the new property management services agreement awarded by both Ronshine China Group and other third-party property developers, since December 31, 2020 and up to the Latest Practicable Date, were comparable to those entered into during the Track Record Period. As of the Latest Practicable Date, we had been contracted for 101 and 97 engagements relating to sale assistance services and preliminary planning, design consultancy and pre-delivery services, respectively.

Financial Position Subsequent to the Track Record Period

Based on our unaudited management accounts, our revenue for the first four months of 2021 increased as compared to that of the same period in 2020, which was primarily attributable to our business expansion. Our gross profit margin for the first four months of 2021 remained relatively stable as compared to that of the same period in 2020.

The COVID-19 Outbreak

Effects of the COVID-19 Outbreak on Our Business Operations

An outbreak of respiratory illness caused by a novel coronavirus, which has been named as COVID-19 by the World Health Organization ("WHO") was identified in December 2019 and spread globally in early 2020. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. In response to the COVID-19 pandemic, the PRC government has imposed measures across the PRC including, but not limited to, travel restrictions and mandatory quarantine measures across various cities, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

As of the Latest Practicable Date, the COVID-19 outbreak had not materially affected our property management services. Since the outbreak of COVID-19 and up to the Latest Practicable Date, there were no material delays in delivery of properties for property management service we have contracted. To the best of our Directors' knowledge, there had been no confirmed cases of COVID-19 infection of our staff as of the Latest Practicable Date. Some of our value-added services to non-property owners were affected by the COVID-19 outbreak. In 2020, our gross profit margins from (i) sales assistance services and (ii) preliminary planning, design consultancy and pre-delivery services decreased as compared to that of 2019. Please see "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue—Revenue from Value-added Services to Non-property Owners" and "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue from Community Value-added Services" in this prospectus for more details. We believe such impact was immaterial on our overall business operation and financial performance as we achieved considerable growth in terms of revenue for value-added services to non-property owners and community value-added services in 2020 as compared to 2019. In general, we anticipated that there will be no significant impact on our financial condition.

Unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, given the nature of our business operations, our Directors are of the view that the risk of our Group having to suspend our operations is remote. Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak. In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control, due to the COVID-19 outbreak, we estimate our existing financial resources (including cash and bank balances and amounts due from related parties to be repaid before Listing) as of December 31, 2020 could satisfy our necessary costs for over 12 months. We also estimate that, in the unlikely event mentioned above and based on the assumptions below except that there would be 10.0% of the proceeds from the Global Offering as allocated for general business operations and working capital, our Group will remain financially viable for over 12 months since January 1, 2021. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) all of our staff, including operational and administrative staff, are encouraged to take unpaid leave under mutual consent or dismissed upon proper notice in accordance with the employment contract and no significant compensation is incurred; (iii) we may incur one-month staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iv) we will continue to incur the rental related payments including rentals, management fees and other miscellaneous charges that are paid monthly; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including basic headquarter office maintenance cost, utilities expenses, fees to be incurred as a listed company such as annual listing fee, annual audit fee, financial reports and compliance adviser fee); (vi) the expansion plan is delayed under such condition; (vii) there will be no further internal or external financing from our Shareholders or financial institutions; (viii) no further dividend will be declared and paid under such situation; (ix) our trade receivables will be settled based on historical settlement pattern while trade payables will be settled when due; and (x) there are no material changes in the near future that would significantly affect the aforementioned key assumptions. Please see "Business—Effects of the COVID-19 Outbreak—Effects of the COVID-19 Outbreak on Our Business Operations" for more details on the key assumptions employed in calculating such estimate for the worst case scenario. The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assess that the likelihood of such situation is remote. The actual impact from the outbreak of COVID-19 will depend on its subsequent development; therefore, there is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment.

Our Contingency Plan and Response towards the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have implemented a contingency plan and adopted enhanced hygiene and precautionary measures across our managed properties. As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced measures of approximately RMB1.3 million. Our Directors believe that the additional costs associated with the enhanced measures, after taking into account the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as deduction of payment of social insurance contributions, would have no significant impact on our financial position for the year ending December 31, 2021.

Effects of the COVID-19 Outbreak on Our Business Strategies

According to CIA, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown across China but it will unlikely affect the regional macroeconomic development plan in the long term, and it is expected that once the outbreak is effectively controlled, the outlook for demand of property management services in the affected cities will remain positive. We therefore believe that our expansion plan as discussed in "Business—Business Strategies" in this prospectus is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak.

No Material Adverse Change

After due and careful consideration, save for the aforementioned effects of the COVID-19 pandemic, our Directors confirmed that, subsequent to the Track Record Period and as of the date of this prospectus, there has been no material adverse change in our results of operations, financial position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

NON-COMPLIANCE MATTERS

During the Track Record Period, we (i) did not fully contribute to certain social insurance and housing provident funds for some of our qualified employees; and (ii) overcharged property owners and/or residents electricity fees at two properties under our management. Please see "Business—Legal Proceedings and Compliance—Compliance" in this prospectus for more information regarding the above non-compliance matters.

LISTING EXPENSES

The total amount of Listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be RMB42.1 million (based on the mid-point of the indicative Offer Price range), representing approximately 8.0% of the gross proceeds from the Global Offering, of which RMB19.7 million is expected to be accounted for as a deduction from equity upon completion of the Listing. The remaining fees and expenses of RMB22.4 million were or are expected to be charged to our profit or loss account, of which approximately RMB13.9 million was charged to our consolidated statement of comprehensive income for 2020, and approximately RMB8.5 million is expected to be charged subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors do not expect that our Listing expenses will have a material adverse impact on our financial performance for the year ending December 31, 2021.

RISK FACTORS

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

- Our future growth may not materialize as planned;

- We cannot assure you that we can secure new or renew our existing property management service agreements with property developers, including, among others, Ronshine China Group and its joint ventures and/or associates, on favorable terms, or at all;

- Our profitability may be negatively affected in the future as we increase property management services provided to projects developed by independent third-party property developers whose properties we charged lower average property management fee than those developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou during the Track Record Period;

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

- A majority of our revenue is generated from Ronshine China Group and its related parties, which are our connected persons and we do not have control over.

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

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

"Accountant's Report"	the accountant's report from the Reporting Accountant, the text of which is set out in Appendix I to this prospectus
"Acme Rongxiang"	Acme Rongxiang Co., Limited (極致融享有限公司), a company incorporated in Hong Kong with limited liability on May 20, 2020 and an indirect wholly-owned subsidiary of our Company
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of such forms as used in the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of the Company, conditionally adopted on June 10, 2021 and will come into effect upon Listing, a summary of which is set out in "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law" to this prospectus, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing-Tianjin-Hebei Region"	a geographical region in China including Beijing, Tianjin and Hebei province, along the coast of the Bohai Sea, for the purpose of this prospectus
"Board" or "Board of Directors"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

"Capitalization Issue"	the issue of Shares to be made upon capitalization of certain sum standing to the credit of the share premium account of the Company as referred to in "Appendix IV—Statutory and General Information—A. Further Information about Our Company—4. Written Resolutions of Shareholders Passed on June 10, 2021" to this prospectus
"Cayman Islands Companies Act"	the Companies Act, Cap. 22 Act 3 of 1961, as consolidated and revised
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
"CIA"	China Index Academy, our industry consultant
"close associate(s)"	has the meaning ascribed thereto 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"	Ronshine Service Holding Co., Ltd (融信服務集團股份有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on April 14, 2020
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Ou, Rongxin Yipin and Fumei International
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
"Deed of Indemnity"	the deed of indemnity dated June 18, 2021 entered into by our Controlling Shareholders in favor of the Company (for itself and as trustee for each of our subsidiaries) to provide certain indemnities, particulars of which are set out in "Appendix IV—Statutory and General Information—D. Other Information—1. Tax and Other Indemnities"
"Director(s)"	director(s) of the Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), enacted on March 16, 2007, effective from January 1, 2008 by the NPC and amended on December 29, 2018 by the SCNPC, and as amended, supplemented or otherwise modified from time to time

"Euclidean Service"	Euclidean Service Co., Ltd (歐氏服務有限公司), a company incorporated in the BVI with limited liability on April 16, 2020 and a wholly-owned subsidiary of our Company
"extreme conditions"	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date
"Family Trust"	the family trust established on August 18, 2020 by Mr. Ou as the settlor and protector, with HSBC International Trustee Limited as the trustee
"Fujian Dingcheng"	Fujian Dingcheng Investment Co., Ltd. (福建鼎誠投資有限公司), a company established in the PRC with limited liability on August 21, 2012 and is beneficially wholly owned by Mr. Ou
"Fumei International"	Fumei International Co., Ltd (福美國際有限公司), a company incorporated in the BVI with limited liability on April 6, 2020, which is wholly owned by Rongan Juxiang and is one of our Controlling Shareholders
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Greater Bay Area"	the Guangdong-Hong Kong-Macao Greater Bay Area, a geographical region in China including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, the Special Administrative Regions of Hong Kong and Macao for purposes of this prospectus
"**Green** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider
"Group", "our Group", "we", "our" or "us"	the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at that time

"Haitong International Capital" or "Sole Sponsor"	Haitong International Capital Limited, a licensed corporation to conduct Type 6 (advising on corporate finance) of the regulated activity for the purpose of SFO, being the sole sponsor to the Global Offering
"Haitong International Securities" or "Sole Representative"	Haitong International Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFO, being the Sole Representative, one of the joint global coordinators, joint bookrunners and joint lead managers of the Global Offering
"HKFRS"	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$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Public Offer Shares"	the 12,500,000 new Shares (subject to reallocation) being initially offered by our Company for subscription in the Hong Kong Public Offering, as described in "Structure and Conditions of the Global Offering"
"Hong Kong Public Offering"	the issue and offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) on and subject to the terms and conditions described in this prospectus and the Application Forms
"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, whose names are set out under "Underwriting—Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 29, 2021 and entered into by, our Company, our Controlling Shareholders, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters relating to the Hong Kong Public Offering
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates (within the meaning of the Listing Rules)
"International Placing"	the placing of the International Placing Shares at the final Offer Price to professional, institutional and other investors, as described in "Structure and Conditions of the Global Offering"
"International Placing Shares"	the 112,500,000 new Shares offered by our Company for subscription under the International Placing, subject to reallocation and the exercise of the Over-allotment Option, as described in "Structure and Conditions of the Global Offering"
"International Underwriters"	the underwriters of the International Placing, who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement expected to be entered into by, our Company, our Controlling Shareholders, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters relating to the International Placing

"Joint Bookrunners"	Haitong International Securities, CMB International Capital Limited, China Everbright Securities (HK) Limited, China Merchants Securities (HK) Co., Limited, CRIC Securities Company Limited and Vision Capital International Holdings Limited
"Jointly Developed Projects"	projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou
"Joint Global Coordinators"	Haitong International Securities and CMB International Capital Limited
"Joint Lead Managers"	Haitong International Securities, CMB International Capital Limited, China Everbright Securities (HK) Limited, China Merchants Securities (HK) Co., Limited, CRIC Securities Company Limited, Vision Capital International Holdings Limited, Livermore Holdings Limited, Huafu International Securities Limited, SBI China Capital Financial Services Limited and Sinomax Securities Limited
"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
"Listing Date"	the date on which dealings in the Shares on the Main Board first commence
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), MOFCOM, STA, SAMR, CSRC and SAFE on August 8, 2006 and amended by MOFCOM on June 22, 2009

"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, adopted on June 10, 2021 with immediate effect, and as amended, supplemented or otherwise modified 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. Ou"	Mr. Ou Zonghong (歐宗洪), chairman of the Board, our executive Director and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the offer price per Offer Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) at which the Offer Shares are to be subscribed pursuant to the Global Offering, to be determined as further described in "Structure and Conditions of the Global Offering—Price Determination of the Global Offering"
"Offer Share(s)"	the Hong Kong Public Offer Shares and the International Placing Shares

"Other Regions"	the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include but not limited to the following municipalities and cities for the purpose of this prospectus: Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou
"Ouxing Tuye"	Shanghai Ouxing Tuye Enterprise Development Co., Ltd. (上海歐興途業企業發展有限公司), a company established in the PRC with limited liability on July 2, 2020 and an indirect wholly-owned subsidiary of our Company
"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 Representative (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 18,750,000 additional new Shares at the Offer Price, representing 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price to cover the over-allocations (if any) in the International Placing, as described in "Structure and Conditions of the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisors"	Commerce & Finance Law Offices, legal advisors to the Company on PRC laws in connection with the Global Offering

"Price Determination Date"	the date, expected to be on or around Friday, July 9, 2021 but in any event not later than Wednesday, July 14, 2021, on which the Offer Price will be determined for the purposes of the Global Offering
"Principal Share Registrar"	Conyers Trust Company (Cayman) Limited
"projects developed by independent third-party property developers"	properties developed solely developed by third-party property developers that are independent from Ronshine China Group
"projects developed by Ronshine China Group"	properties developed by Ronshine China Group through its wholly-owned subsidiaries or properties that Ronshine China Group jointly developed with other property developers in which Ronshine China Group held a controlling interest
"Province" or "province"	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization of our Group in preparation of the Listing as described in "History, Reorganization and Corporate Structure—Reorganization"
"Reporting Accountant"	PricewaterhouseCoopers, the reporting accountant of our Company
"Rongan Juxiang"	Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the BVI with limited liability on April 28, 2020, which is wholly owned by HSBC International Trustee Limited, the trustee of the Family Trust
"Rongxin Yipin"	Rongxin Yipin Co., Ltd (融心一品有限公司), a company incorporated in the BVI with limited liability on April 6, 2020, which is wholly owned by Rongan Juxiang and is one of our Controlling Shareholders

"Ronshine China"	Ronshine China Holding Limited (融信中國控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on September 11, 2014, whose shares are listed on the Stock Exchange (stock code: 3301). As of the Latest Practicable Date, Mr. Ou, one of our Controlling Shareholders, indirectly held approximately 66.77% of the share capital of Ronshine China
"Ronshine China Group"	Ronshine China and its subsidiaries
"Ronshine Property Management"	Rongxin (Fujian) Property Management Co., Ltd. (融信(福建)物業管理有限公司), a company established in the PRC with limited liability on July 5, 2004 and an indirect non-wholly owned subsidiary of our Company
"Ronshine Shiou"	Rongxin Shiou Property Service Group Co., Ltd. (融信世歐物業服務集團有限公司), a company established in the PRC with limited liability on April 29, 2011 and an indirect wholly-owned subsidiary of our Company
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局), including, as the context may require, its local counterparts
"SCNPC"	the Standing Committee of the NPC
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board
"Shareholder(s)"	holder(s) of the Share(s)

"STA"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"Stabilizing Manager"	Haitong International Securities
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between Rongxin Yipin and the Stabilizing Manager on or about the same date as the International Underwriting Agreement
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the period comprising the three years ended December 31, 2018, 2019 and 2020
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Government"	the federal government of the United States, including its executive, legislative and judicial branches
"US$", "USD" or "$"	U.S. dollars, the lawful currency of the United States
"VAT"	the PRC value-added tax
"Western Straits Region"	an economic zone in China primarily including Fujian province, parts of Zhejiang province, Jiangxi province and Guangdong province, including but not limited to the following cities for the purpose of this prospectus: Fuzhou, Xiamen, Sanming, Putian, Nanping, Quanzhou, Zhangzhou and Longyan

"**WHITE** Application Form(s)"	the application form(s) for those who require Hong Kong Public Offer Shares to be issued in the applicant's own name
"**White Form eIPO**"	the application of Hong Kong Public Offer Shares for issue in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Yangtze River Delta Region"	an economic region in China primarily encompassing Shanghai, parts of Zhejiang province and parts of Jiangsu province, including but not limited to the following municipalities and cities for the purpose of this prospectus: Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Xuzhou, Changzhou, Suzhou, Zhenjiang, Nantong and Nanjing
"**YELLOW** Application Form(s)"	the application form(s) for those who require Hong Kong Public Offer Shares to be deposited directly into CCASS

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

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

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

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

"average property management fee(s)"	weighted average property management fee charged calculated on revenue-bearing GFA of each property which we are charged for property management services
"commercial property(ies)"	for purposes of this prospectus, property(ies) designated for commercial use
"commission basis"	a revenue-generating model whereby we collect a percentage of the total amount of property management fees that our customers pay on a monthly basis
"common area(s)"	common areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among others
"contracted GFA"	GFA managed or to be managed by our Group under our operating property management service contracts, including both GFA under management and undelivered GFA
"GFA"	gross floor area
"lump-sum basis"	a revenue-generating model for our property management business line whereby we charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our employees and sub-contractors. Property developers, property owners and residents will be responsible for paying our property management fees for the sold and unsold units respectively on a monthly basis

"value-added services to non-property owners"	a series of value-added services we provide to non-property owners, including sales assistance services and preliminary planning, design consultancy and pre-delivery services and driving and vehicle dispatching and managing services; for purposes of this prospectus, non-property owners include property developers and customers of driving and vehicle dispatching and managing services
"renewal rate"	the number of renewed property management service contracts in the period (including the number of new property management service agreements entered into with property owners' associations) divided by the number of property management service contracts which expired in the same period
"residential communities" or "residential property(ies)"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"retention rate"	the aggregate number of property management service agreements during the period minus the number of property management service agreements we ceased to manage during the same period, and then divided by the aggregate number of property management service agreements during the same period
"revenue-bearing GFA" or "GFA under management"	GFA of properties that have been delivered, or are ready to be delivered by property developers, to property owners, for which we are already collecting property management fees in relation to contractual obligations to provide our services
"sq.m."	the measurement unit of square meters
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strength published by CIA based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility

"undelivered GFA"	the total GFA of properties that are not ready to be delivered to property owners by property developers, for which we have not begun collecting property management fees in relation to contractual obligations to provide property management services

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

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

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

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

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

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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth may not materialize as planned.

We have been seeking to expand our existing business through organic growth, as well as diversifying our services under the different business lines to expand our project portfolio and obtain larger market shares. As of December 31, 2018, 2019 and 2020, the projects we were contracted to manage had an aggregate GFA of 20.8 million sq.m., 27.6 million sq.m. and 38.2 million sq.m., respectively. For further details, please see "Business—Property Management Services" in this prospectus. However, we base our expansion plans on our assessment of market prospects, thus we cannot assure you that our assessment will prove to be correct or that our business will grow as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include but are not limited to:

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

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

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

- our ability to maintain or achieve growth in our gross profit margin given that the level of gross profit margin are affected by our business mix;

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

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

- our ability to leverage our brand name and to compete successfully in new and existing markets, particularly against the incumbent players in such markets who might have more resources and experience than us and in dealing with any potential adverse market changes in the future; and

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

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

We cannot assure you that we can secure new or renew our existing property management service agreements with property developers, including, among others, Ronshine China Group and its joint ventures and/or associates, on favorable terms, or at all.

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

During the Track Record Period, we entered into preliminary management service agreements with property developers during early stages of property development. Such agreements are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to property owners. Preliminary property management service agreements generally expire when property owners' associations are established and new property management service agreements are entered into. For more information, please see "Business—Property Management Services—Property Management Service Agreements" in this prospectus. Upon the establishment of the property owners' association and to continue managing the property, we would have to enter into a new property management service agreements with the property owners' associations. There is no guarantee that property owners' associations will enter into a new property management service agreements with us instead of our competitors. We may therefore bear the risk of termination of rendering services of the existing projects as a result of the set-up of property owners' associations. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms for both sides.

During the Track Record Period, we also generated a portion of our revenue from the property management services provided to the properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou, which accounted for approximately 1.7%, 3.0% and 4.5% of our total revenue generated from property management service in 2018, 2019 and 2020, respectively. Please see "Business—Property Management Services—Overview" for more details on the GFA under management of the properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou. These joint ventures and associates were formed between Ronshine China Group and third-party property developers with which Ronshine China Group agreed to establish cooperative relationship to strategically expand its business operations. Although Ronshine China Group is one of the parties in such joint ventures and associates, it would not be able to guarantee that its joint ventures and/or associates would award any property management service agreement to us. In addition, we do not have control over the management strategy of Ronshine China Group or its joint ventures and associates or the companies beneficially owned by Mr. Ou, or the macroeconomic or other factors that affect their business operations or financial positions. There is no assurance that we will be able obtain successful bids from Ronshine China Group's joint ventures and/or associates in the future. Any adverse developments in the business or financial positions of Ronshine China Group or its joint ventures and associates or the companies beneficially owned by Mr. Ou, or their respective ability to develop and maintain properties may materially and adversely affect our ability to procure new property management service agreements. Our property management service agreements with Ronshine China Group or its joint ventures and associates or the companies beneficially owned by Mr. Ou are also subject to expiration and may not be renewed successfully. We may also fail to diversify our customer base in the future. As a result, we cannot assure you that we will able to procure service agreements from alternative sources to make up any shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

Even where we succeed in entering into property management service agreements with property owners' associations, we cannot guarantee that they will be renewed upon expiration. It is also possible that they may be terminated for cause. In such cases, we would no longer be able to provide community value-added services to residential communities who have terminated our engagements, in addition to our property management services. In 2018, 2019 and 2020, our retention rate for property management service agreements was 77.8%, 98.9% and 93.7%, respectively. In 2018, 2019 and 2020, our renewal rate for property management service agreements was 70.0%, 92.3% and 45.8%, respectively. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service agreements on favorable terms, or at all. Moreover, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. We believe that our brand value is essential to our ability to procure new property management service agreements. Failure to cultivate our brand value may diminish our competitiveness within the industry and lead to an adverse effect on our growth prospects and results of operations.

Our profitability may be negatively affected in the future as we increase property management services provided to projects developed by independent third-party property developers whose properties we charged lower average property management fee than those developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou during the Track Record Period.

Historically, we charged higher average property management fees for residential properties developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou compared to those developed by independent third-party property developers. In 2018, 2019 and 2020, our average property management fee charged for property management service provided to residential property projects developed by Ronshine China Group was RMB2.4 per sq.m. per month, RMB2.6 per sq.m. per month and RMB2.6 per sq.m. per month, respectively; for residential properties that were Jointly Developed Projects was RMB2.0 per sq.m. per month, RMB2.2 per sq.m. per month and RMB2.3 per sq.m. per month, respectively; and for the projects developed by independent third-party property developers was RMB1.2 per sq.m. per month, RMB1.2 per sq.m. per month and RMB1.6 per sq.m. per month, respectively. Please see "Business—Property Management Services—Portfolio of Properties under Management" in this prospectus for more details. There is no guarantee that the average property management fee charged by us for property management service provided to projects developed by independent third-party property developers or our gross profit margin from property management service provided to projects developed by independent third-party property developers will increase in the future.

As we expand our business operations and further grow and diversify our customer base by, among others, depending our existing business relationships or establishing new business relationships with independent third-party property developers, we may become less reliant on revenue generated from property management service provided to projects developed by Ronshine China Group and Jointly Developed Projects and, accordingly, leads to an increase in the proportion of property management services provided to projects developed by independent third-party property developers to our overall property management services. If we cannot increase or at least maintain the property management fees charged for and/or gross profit margin from property management services provided to projects developed by independent third-party property developers, then our total gross profit margin may decrease, which may materially and adversely affect our financial conditions and results of operations.

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

We plan to continue to evaluate opportunities to acquire other property management companies and/or other businesses and integrate their operations into our business to further expand our business scale and service and geographical coverage. However, there can be no assurance that we will be able to identify suitable opportunities. The PRC property management market is highly fragmented and intensely competitive with numerous market participants. Please see "Industry Overview—Competition—Competitive landscape" for more details. Accordingly, a number of property management companies with similar resources and strategies could be competing for acquisition targets that may be considered high-quality by our competitors. In addition, we face competition from industry peers, particularly those listed on the Stock Exchange that are actively seeking quality acquisition or investment targets in the market to achieve their expansion goals. As such, even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

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

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

Approximately 60.0%, or HK$355.8 million, of the proceeds raised from the Global Offering will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships. Please see "Future Plans and Use of Proceeds—Use of Proceeds" in this prospectus for more details. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, our proceeds from the Global Offering may not be effectively used.

A majority of our revenue is generated from Ronshine China Group and its related parties, which are our connected persons and we do not have control over.

During the Track Record Period, a majority portion of our revenue was derived from the property management service provided to projects developed by Ronshine China Group and jointly developed projects and value-added services to non-property owners we provided to Ronshine China Group. Our revenue from property management services provided to projects developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou amounted to RMB180.6 million, RMB215.3 million and RMB265.6 million, respectively, in 2018, 2019 and 2020, accounting for approximately 76.3%, 75.6% and 72.3%, respectively, of our total revenue generated from property management services in the same years. However, we do not have control over the management strategy of Ronshine China Group, nor the macroeconomic or other factors that affect its business operations and financial positions. Any adverse development in the business or financial position of Ronshine China Group or its respective ability to develop and maintain properties may materially and adversely affect our ability to procure new property management services. We may also fail to diversify our customer base. As a result, we cannot assure you that we will be able to procure service agreements from alternative sources to make up the shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

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

We focus on cities with high population densities in economically developed regions, and the majority of our operations are concentrated in the Western Straits Region and Yangtze River Delta Region. As of December 31, 2018, 2019 and 2020, we managed an aggregate GFA of approximately 9.8 million sq.m., 11.6 million sq.m. and 12.7 million sq.m., respectively, of properties in the Western Straits Region, which accounted for approximately 92.8%, 73.1% and 63.5%, respectively, of our total GFA under management as of the same dates. Our revenue generated from property management services in the Western Straits Region accounted for approximately 53.0%, 46.0% and 34.0% of our total revenue in 2018, 2019 and 2020, respectively. As of December 31, 2018, 2019 and 2020, we managed an aggregate GFA of approximately 0.8 million sq.m., 2.3 million sq.m. and 4.5 million sq.m., respectively, of properties in the Yangtze River Delta Region, which accounted for approximately 7.2%, 14.2% and 22.8%, respectively, of our total GFA of properties under our management as of such dates. Our revenue generated from property management services in the Yangtze River Delta Region accounted for approximately 4.2%, 6.2% and 9.9% of our total revenue in 2018, 2019 and 2020, respectively. Given such concentration, any material adverse social, economic or political development in or any natural disaster or epidemic affecting the Western Straits Region and Yangtze River Delta Region will materially and adversely affect our business, financial position and results of operations.

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

The property management industry in the PRC is labor intensive. In 2018, 2019 and 2020, our labor costs accounted for 75.1%, 75.1% and 75.3% of our total cost of sales, respectively. We delegate certain services such as security services, cleaning services, greening services and elevator repair and maintenance services to third-party subcontractors. During the same years, our subcontracting costs represented approximately 16.9%, 15.0% and 15.1% of our total cost of sales, respectively. Since our labor and subcontracting costs together accounted for a significant portion of our cost of sales, we believe that controlling and reducing our labor and subcontracting costs is crucial for us to maintain and improve our profit margins as well as other operating costs.

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

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

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

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

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

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

During the Track Record Period, we primarily generated revenue from our property management services under the lump sum fee model, which accounted for approximately 99.8%, 99.8% and 99.8% of our total revenue generated from property management services in 2018, 2019 and 2020, respectively. On a lump sum basis, we charge property management fees at a monthly pre-determined fixed lump sum price per sq.m., representing "all-inclusive" fees for the property management services provided. These management fees do not necessarily correspond with the actual amount of property management costs we incur. The amount we recognize as revenue is the full amount of property management fees we charge to the property owners or property developers, and the amount we recognize as our cost of sales is the actual costs we incur in connection with rendering our services. For more information on our fee model and relevant accounting policy, please see "Business—Property Management Services—Property Management Fees" and "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue—Revenue from Property Management Services" in this prospectus.

In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management service agreements, and our fees are insufficient to sustain our profit margins, we would not be entitled to collect additional amounts from our customers. As a result, we may suffer losses. During the Track Record Period, we had two loss-making projects that were under our management of which we recorded the aggregate losses of approximately RMB0.3 million, RMB0.3 million and RMB0.3 million in 2018, 2019 and 2020, respectively. Please see "Business—Property Management Services—Property Management Fees—Property Management Fees Charged on a Lump Sum Basis" for the details regarding the revenue, gross loss, GFA contribution of these two loss-making projects and related information. We also cannot guarantee that we will be able to adequately control our costs in the course of providing our property management services. Any losses we incur may materially and adversely affect our results of operations.

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

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

We delegate certain of the property management services, such as security services, cleaning services, greening services, elevator repair and maintenance services, to third-party subcontractors. In 2018, 2019 and 2020, our subcontracting costs amounted to approximately RMB50.8 million, RMB52.7 million and RMB80.9 million, respectively, representing approximately 16.9%, 15.0% and 15.1% of our total cost of sales for the same years, respectively. We select our third-party subcontractors based on factors such as their service quality, industry reputation, license qualification, price, past performance and experience in the industry. We also impose internal quality control measures on our subcontractors such as routine internal examination and customer feedback assessment. Please see "Business—Suppliers—Selection and Management of Our Subcontractors" in this prospectus for further details. However, we cannot assure you that they will always perform in accordance with our expectations. They may act in ways contrary to our or our customers' instructions, their contractual obligations and our quality standards and operational procedures. We may also fail to monitor their performance as directly and effectively as with our own employees. As a result, we are subject to risks associated with being responsible for any sub-standard performance by our third-party subcontractors, including but not limited to litigation, reputational damage, disruptions to our business, termination or non-renewal of our service agreements and monetary claims from our customers. We may also incur extra costs in order to monitor or replace third-party subcontractors which do not perform in accordance with our expectations, or mitigate or compensate damages incurred by such third-party subcontractors.

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

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

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

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

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

We may encounter difficulties in collecting property management fees from property owners especially in communities with relatively high vacancy rate. We cannot assure you that our collection measures will be effective or enable us to accurately predict our future collection rate. As of December 31, 2020, our outstanding trade receivables amounted to approximately RMB101.6 million. As of December 31, 2018, 2019 and 2020, we recorded average trade receivable turnover days of 59 days, 86 days and 61 days, respectively. During the same periods, our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was 94.4%, 94.5% and 95.3%, respectively. For further information, please refer to sections entitled "Financial Information—Description of Selected Items of Consolidated Balance Sheet—Trade and Other Receivables and Prepayments—Trade Receivables" in this prospectus. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective or enable us to accurately predict our future collection rates.

As of December 31, 2018, 2019 and 2020, our allowance for impairment of trade receivables amounted to RMB2.1 million, RMB3.1 million and RMB4.2 million, respectively. Although our management's estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions are subject to further adjustment if new information becomes known. Please see "Financial Information—Description of Selected Items of Consolidated Balance Sheet—Trade and Other Receivables and Prepayments—Trade Receivables" in this prospectus for further details. In 2018 and 2019, we recorded net impairment losses on financial assets of RMB1.7 million and RMB1.3 million, respectively, for losses arising from potential bad debts in respect of our trade receivables and other receivables in the ordinary course of business. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Impairment Losses/Gains on Financial Assets, Net." In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may adversely affect our cash flow position and our ability to meet our working capital requirements, and therefore materially and adversely affect our business, financial position and results of operations.

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

We have diversified our services by providing various value-added services to meet the evolving needs of our customers, whether they are property owners or non-property owners. For more information, please see "Business—Our Business Model" in this prospectus. In particular, we aim to further expand our business coverage under our three main business lines, namely, property management services, value-added services to non-property owners and community value-added services, including but not limited to enhancing our existing services and exploring opportunities to offer new community value-added services that may be provided in partnership with third parties, such as travel agency services, moving services , elderly care, community health services, child education and customized services to enterprises and government public agencies such as bulk purchasing, food catering services, repair and maintenance services for specialized equipment and event organization services for conferences and/or exhibitions, to increase accessibility and improve user experience and plan to attract further use by residents of the properties we manage as well as local vendors. See "Business—Business Strategies" for more information.

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

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

Net changes in fair value of financial assets are linked to market and therefore subject to uncertainties of accounting estimates in the fair value measurement and the use of significant unobservable inputs in the valuation techniques.

We purchased wealth management products issued by financial institutions in the PRC, which are classified as financial assets at fair value through profit or loss on our financial statements. We incurred a net gain from financial assets at fair value through profit or loss in the amount of RMB0.3 million, RMB0.4 million and RMB1.2 million in 2018, 2019 and 2020, respectively, in connection with the fair value of such investments of RMB32.5 million, RMB73.0 million and nil as of December 31, 2018, 2019 and 2020, respectively. See "Financial Information—Description of Selected Items of Consolidated Balance Sheet—Financial Assets at Fair Value through Profit or Loss." Such financial assets are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in our consolidated income statements, therefore directly affecting our results of operations. There is no assurance that we will not incur fair value losses in the future. If we incur significant fair value net changes, our results of operations, financial condition and prospects may be adversely affected.

If we fail to provide the underlying services for the advances of property management fees and other service fees we received, our results of operations and financial condition may be adversely affected.

As of December 31, 2018, 2019 and 2020, our contract liabilities amounted to RMB32.5 million, RMB48.5 million and RMB82.5 million, respectively. Our contract liabilities primarily consist of advances of property management fees and other service fees while the underlying services for such fees are yet to be provided. See "Financial Information—Description of Selected Items of Consolidated Balance Sheet—Contract Liabilities." If we fail to provide the underlying services for the advances of property management fees and other service fees we received, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the property management fees or other service fees we have received, which may adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements, our results of operations and financial condition. In addition, if we fail to fulfill our obligations or fail to provide the services under our contracts with customers, it may adversely affect our relationship with such customers and consequently affect our reputation and results of operations in the future.

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

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

In particular, the COVID-19 virus, which was first identified in December 2019, had spread across the world in early 2020. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. In response to the COVID-19 pandemic, governments across the world have imposed travel restrictions and/or lockdown to contain its transmission. While most of the lockdown measures and related restrictions imposed by the PRC Government had been lifted by the end of April 2020, various restrictions still remain in place in the PRC and the world to continue to contain the spread of the COVID-19. COVID-19 had spread around the world, with death toll and number of infected cases continuing to rise. Our business operations in China, including the properties under our management, have been affected due to such travel and other related restrictions. For details, please refer to "Business—Effects of the COVID-19 Outbreak" in this prospectus. Therefore, we are subject to certain risks, which include among others:

- we may not be able to collect property management fees from property developers, public entities, property owners and residents in the cities subject to lockdown due to COVID-19 as scheduled on time in the near future;

- we may not be able to provide certain services to non-property owners such as our sales assistance services in cities where the PRC Government imposed lockdown or other containment measures;

- we may not be able to provide some of our community value-added services, such as decoration and furnishing services, due to the lockdown and other containment measures;

- we may not be able to further expand in cities subject to lockdown due to COVID-19 in the near future as planned and our tender or bidding process may be postponed which may adversely affect our business expansion;

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

Therefore, any of these and other factors that are beyond our control may create uncertainties within the overall economic environment, thereby causing our business to suffer in ways that we cannot predict, which could materially and adversely affect our business, financial condition and results of operations.

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

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

We may also be subjected to a number of other laws and regulations relating to the property management industry. For example, we may face penalties if we fail to comply with the relevant pricing regulations relating to certain aspects of our property management services. During the Track Record Period, we overcharged electricity fees from the property owners and/or residents at two properties under our management. We were fined a total amount of approximately RMB160,000. See Business—Legal Proceedings and Compliance—Compliance" in this prospectus for more details. We cannot guarantee that we will be able to comply with all laws and regulations relating to pricing of our services. In the event that we are fined or otherwise penalized for such reasons, we may suffer reputational damage, and a material and adverse impact on our business, financial condition and results of operation. In addition, we may incur additional costs if we face or fail to resolve disputes, claims or complaints from the property owners and/or residents at the properties under our management in connection to such incidents in a timely manner, or at all, in the future, which may materially and adversely affect our business, financial condition and results of operations.

In addition, a substantial 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 to introduce 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 and value-added services, which could in turn affect our growth potential and our business expansion.

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

According to CIA, the PRC property management industry is intensely competitive and highly fragmented. See the section entitled "Industry Overview—Competition" in this prospectus for more details on the competitive landscape. Our major competitors include large national, regional and local property management companies that may have stronger capital resources, longer operating histories, better track records, greater brand or better name recognition, greater expertise and experience in regional and local markets than we do. We believe that we compete with our competitors on a number of factors, primarily including business scale, brand recognition, financial resources, price and service quality. Such competitors may be able to devote more resources to the development, promotion, sale, and support of their services, and therefore they may be better positioned than we are to compete for customers, financing, skilled management and labor resources. In addition to competition from established companies, emerging companies may enter our existing or new markets. Property developers may also develop their own in-house property management business or engage their affiliated service providers, which could reduce the availability of business opportunities. If we fail to improve and evolve ourselves among the competitors, we may not be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operations.

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

Our business is materially influenced by various factors affecting the property management industry in the PRC

Our business, results of operations and financial position are and will continue to be materially influenced by various factors affecting the property management industry in the PRC, which may, in turn, be affected by the real estate industry and general economic conditions of the PRC. Such factors are generally beyond our control. For example, certain local markets may approach market saturation or experience slowdowns due to a number of factors, regulatory, political, social, legal or otherwise, or the industry may experience an economic recession, depression or other developments that are adverse to our business operations and/or growth, such as a decline in the purchasing power of residents or customers at the properties we manage, resulting in a lower demand for our property management services and value-added services. In such cases, our business, results of operations and financial position and prospects would be materially and adversely affected.

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

We lease certain properties from third parties mainly for our business operations and staff dormitories or to be used as offices. As of the Latest Practicable Date, we had not registered 79 lease agreements of our leased properties with the local housing administration authority as required under PRC law. These leased properties are being used as office premise and staff accommodation. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our offices and staff quarters occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. 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.

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

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

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

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

Although we experienced rapid revenue and profit growth during the Track Record Period, we cannot assure you that we can sustain such growth in the future. Our profitability depends partially on our ability to control costs and operating expenses, which may increase as we expand our business. In addition, we may continue to devote significant resources to develop our value-added services, which require substantial capital, personnel and technological support. This initiative could negatively impact our short-term profitability and cash flows. If our business expansion prove ineffective, and we fail to increase revenue, or if our cost and operating expense grow faster than our revenue, our business, financial position and results of operations may be negatively affected. Moreover, we may not be able to maintain or achieve growth in our gross profit margin given that the level of gross profit margin are affected by our business mix. Our profit margins vary across our three main business lines, namely, property management services, value-added services to non-property owners and community value-added services. Any change in the structure of revenue contribution from our three main business lines or change in gross profit margin of any business line may have a corresponding impact on our overall gross profit margin.

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

We recorded deferred tax assets of RMB3.9 million, RMB2.8 million and RMB3.2 million as of December 31, 2018, 2019 and 2020, respectively. We also had not recognized deferred tax assets in respect of the cumulative tax losses of RMB913,000, RMB1,284,000 and RMB2,145,000, as of December 31, 2018, 2019 and 2020, respectively. We periodically assess the probability of the realization of deferred tax assets, using significant judgements and estimates with respect to, among others, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. See "Financial Information—Description of Selected Items of Consolidated Balance Sheet—Deferred Tax Assets" in this prospectus for more details. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our results of operations.

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

During the Track Record Period, we did not fully contribute to certain social insurance and housing provident funds for some of our qualified employees. See "Regulatory Overview—Legal Supervisions Over Labor Protection in the PRC" for more details on the relevant regulations and requirements with respect to social insurance and housing provident fund contributions. We made provisions in the amounts of RMB0.7 million, RMB4.6 million and RMB10.4 million for the years ended December 31, 2018, 2019 and 2020, respectively. As of the Latest Practicable Date, we had not received any notice from the local government authorities regarding any claim for inadequate contribution of our current and former employees.

According to the relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, the relevant PRC authorities may demand us to pay the outstanding contributions within a stipulated deadline and we may be liable for a late payment fee that equals to 0.05% of the outstanding amount of social insurance contributions for each day of the delay. If we fail to make such payments within the stipulated deadline, we may also be liable to a fine from one to three times of the amount of the outstanding amount of social insurance contributions. See "Business—Legal Proceedings and Compliance—Compliance" in this prospectus for more information. We cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us, which may materially and adversely affect our financial condition and results of operation.

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

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

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

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

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

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

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

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

We utilize certain information technology systems to manage our operations. For example, we use two customer-oriented mobile applications, namely, E-asy Living (融e居) and E-asy Help (融e幫) mobile applications to communicate externally with our customers with their requests and internally with our employees regarding customers' requests in a timely manner. We also rely on the customer-facing E-asy Living (融e居) mobile application to market our service offerings to customers and promote our brand. In addition, we also have our internal information technology systems such as the Customer Relationship Management (CRM) system that helps us to collect, store and process customers information, and the Easy Building Automation (EBA) system to monitor the functioning of facilities and equipment at certain properties under our management. See "Business—Quality Control—Service Software" in this prospectus for more information. However, we cannot guarantee that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information technology systems will not occur in the future. If we fail to detect any system error or malfunction, continue to upgrade our information technology systems and network infrastructure, or take other measures to improve the efficiency of our information technology systems, system interruptions or delays could occur, which could adversely affect our operating results. In addition, occasional system interruptions and delays may occur to customer oriented mobile application, internal mobile application, Customer Relationship Management (CRM) system and Easy Building Automation (EBA) system or any other customer service systems that make our services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which could reduce the attractiveness of our services and even incur losses to our customers who may bring legal proceedings against us. Moreover, we may incur significant costs in restoring any damaged information technology systems or to comply with any relevant data protection requirements under the relevant PRC laws and regulations.

In addition, we cannot guarantee that the information security measures we currently maintain are adequate or that our information technology systems can withstand intrusions from or prevent improper usage of or breaches from third parties. In the event that we fail to protect or prevent unauthorized access to the confidential information of our customers stored on our information technology systems, we may experience malfunctions, loss or corruption of data, software, hardware or other computer equipment, or any intentional or inadvertent transaction of computer viruses and similar events or third-party actions, which could have a material and adverse effect on our business. If any actual or perceived security breaches of our information technology system occurs, our customers' confidence in the effectiveness of our security measures could be harmed and we may lose customers and/or suffer financial losses due to such events or in connection with remediation efforts, investigation costs and system protection measures, any of which could harm our reputation and materially and adversely affect our business and results of operations. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

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

Our continued success is highly dependent upon the efforts of our Directors, senior management and other qualified employees who are experienced in property management and related industries such as Mr. Ma Xianghong, who serves as the Executive Director and chief executive officer of our Group; Ms. Lin Yi, who serves as the Executive Director, chief financial officer and general manager of financial management center of our Group; and Mr. Cai Litang, who serves as the vice president of the Group and is responsible for strategic planning and branding, information technology development, and business operations of our Group. We believe their professional skills and high status in the industry will make us more competent and outstanding. If a material number of our qualified employees leaves and we are unable to promptly hire and integrate a suitable replacement, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected. See "Directors and Senior Management" for more information.

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

We currently hold a number of trademarks and domain names. We had filed an application for the trademark of "Ronshine Service (融信服務)" in the PRC and it was under the substantive review stage as of the Latest Practicable Date. Our intellectual properties are our crucial business assets, which are key to our customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our trade names and trademarks to increase brand recognition and to develop our business brands. Please refer to the section entitled "Business—Intellectual Property" in this prospectus for further information. Unauthorized reproduction or infringement of our trade names or trademarks could diminish the value of our brands as well as our market reputation and competitive advantages. The unauthorized third party may use our intellectual property in ways that damage our reputation and brand names, such as providing services that are at lower standards or handling customer relationship in bad manner.

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

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

We are required to obtain certain governmental approvals in the form of permits, licenses and certificates or other approvals in order to provide our services. Generally, they are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals. Moreover, we anticipate that the PRC Government and relevant authorities will promulgate new policies in relation to the conditions for issuance or renewal from time to time.

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

We face risks related to liabilities resulting from and losses relating to the provision of our driving and vehicle dispatching and managing services.

We may be subject to claims of liability from traffic accidents, deaths, injuries, or other incidents that are caused by our employees customers or third parties while we are providing the driving and vehicle dispatching and managing services. Our customers for the driving and vehicle dispatching and managing services provide the required traffic accident insurance for the vehicles, and we pay for the personal liability accident insurance for our employees as required. See "Business—Value-added Services to Non-property Owners—Driving and vehicle dispatching and managing services" in this prospectus for more details. According to our PRC Legal Advisers, pursuant to the PRC Tort Law, when the driver who is not the owner of the vehicle but liable for a traffic accident, any liability that incurred will first be covered by the compulsory traffic accident insurance of the vehicle, and the driver shall bear the remaining portion that is not covered by the compulsory traffic accident insurance. Where the owner of the vehicle has committed negligence in respect of the occurrence of the traffic accident, the owner shall bear the corresponding liability in costs incurred thereof. Therefore, the insurance policies we had for driving and vehicle dispatching and managing services, including the commercial auto liability insurance, the compulsory traffic accident liability insurance and the driver's life accident insurance, may not be adequate to indemnify us for all liabilities. Substantial uninsured claims filed against us or the inability of our insurers to pay otherwise insured claims would have an adverse effect on our business, financial condition and future prospects. In addition, pursuing claims against the insurers may prove costly and time-consuming and need cooperation of our customer, and even if these claims do not result in liability, we will incur costs in investigating and defending against them. The incidents may also subject us to negative publicity, which would increase our operating costs and adversely affect our business, financial condition and future prospects. In addition, our service fees are subject to a maximum fee amount for the year for such driving and vehicle dispatching and maintenance services under the relevant service agreements. As such, if we are not able to successfully control our costs or liabilities, we may face losses relating to the provision of our driving and vehicle dispatching and managing services, which may materially and adversely affect our financial condition and results of operations.

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

We purchase and maintain insurance policies that we believe to be aligned with the standard commercial practice in our industry and as required under relevant laws and regulations. See the section headed "Business—Insurance" in this prospectus for further information. However, we cannot assure that our insurance coverage will be sufficient or available to cover damage, liabilities or losses we may incur in the ordinary course of our business, including the provision of our services, such as driving and vehicle dispatching and managing services.

We do not carry any business interruption insurance or litigation insurance as aligned with the customary market practice in the PRC. In addition, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, fire, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses and there is an insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial condition and results of operation.

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

We are subject to extensive and increasingly stringent environmental protection, health and labor safety laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In particular, we are subject to various laws and regulations concerning environmental protection. For more details, see "Regulatory Overview—Other Relevant Property Management—Related Laws and Regulations" in this prospectus. During the Track Record Period, one of our subsidiaries was fined in the amount of RMB0.4 million for failing to comply with the relevant regulations relating to waste water discharge. See "Business—Occupational Health, Safety and Environmental Matters" in this prospectus for more details. We may incur additional costs to comply with the relevant laws and regulations, which may lower our profit margins and result in a material and adverse impact on our results of operations. In addition, the quality of our services may suffer if we have to delay, adjust and take other actions that may adversely affect our services, which may lead to a negative impact on our reputation, business and future business opportunities.

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

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

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

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

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

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Payment of dividends is subject to restrictions under PRC law.

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

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

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

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

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

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

Inflation in China could negatively affect our profitability and growth.

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

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

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

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

We are incorporated in the Cayman Islands. A majority of our senior management members reside in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any foreign judgments. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible.

On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Pursuant to the arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be also difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in the PRC. In addition, on January 18, 2019, the PRC and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which seeks to establish a mechanism with greater clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between the PRC and Hong Kong. This arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court of the PRC and the completion of the relevant legislative procedures in Hong Kong. Once effective, the new arrangement will supersede the abovementioned arrangement dated July 14, 2006, and discontinue the requirement for a choice of court agreement for bilateral recognition and enforcement. Accordingly, Arrangement becomes effective, it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

RISKS RELATING TO THE GLOBAL OFFERING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The application for the Hong Kong Public Offering will commence on Wednesday, June 30, 2021 through Friday, July 9, 2021. Such time period is longer than the normal market practice of four days. The Offer Price of our Shares will be determined 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 application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Thursday, July 15, 2021, and our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be on Friday, July 16, 2021. Accordingly, investors may not be able to sell or deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

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

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

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

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

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

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

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

A. MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, all of our executive Directors reside in the PRC. We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules.

Our core business and operations are substantially based and conducted in the PRC. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. We have applied to the Stock Exchange for and the Stock Exchange has granted a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, amongst others, the following conditions:

(1) we have appointed two authorized representatives, Ms. Lin Yi (林怡) ("**Ms. Lin**"), being one of our executive Directors and Ms. Ng Wing Shan ("**Ms. Ng**"), being our joint company secretary, pursuant to Rule 3.05 of the Listing Rules who will act as our Company's principal channel of communication with the Stock Exchange. Ms. Ng is ordinarily resident in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance and Ms. Ng has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;

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

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

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

B. 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 or a certified public accountant as defined in the Professional Accountants Ordinance; 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. Lin and Ms. Ng as our joint company secretaries. Ms. Lin is our executive Director, chief financial officer and general manager of financial management center. She is primarily responsible for the financial management and internal control of our Group. Ms. Lin has over 17 years of experience in financial management. Our Directors are of the view that, having regard to Ms. Lin's thorough understanding of the corporate governance of our Group, she is therefore considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are located in the PRC, our Directors believe that it is necessary to appoint Ms. Lin as a company secretary, whose presence in the PRC enables her to attend to the day-to-day corporate secretarial matters concerning our Group. However, Ms. Lin does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, and thus she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Therefore, we have appointed Ms. Ng, a fellow member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom, who is qualified under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary to work closely with and provide assistance to Ms. Lin.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Lin as our joint company secretary on the condition that Ms. Lin will be assisted by Ms. Ng as our joint company secretary throughout the three-year period from the Listing Date. Being an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and by virtue of her experience in corporate secretarial practice, Ms. Ng is, in our Directors' opinion, a person who is qualified and suitable to provide assistance to Ms. Lin, for a three-year period from the Listing Date so as to enable Ms. Lin to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties. In addition, Ms. Lin will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Lin has access to the relevant trainings and support which will enhance her understanding of the Listing Rules and the duties of a company secretary of a listed issuer on the Stock Exchange.

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

Please see "Directors and Senior Management" in this prospectus for the biographical details of Ms. Lin and Ms. Ng.

C. CONNECTED TRANSACTIONS

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

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;

- there are no other matters the omission of which would make any statement herein or in this prospectus misleading; and

- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

INFORMATION AND REPRESENTATION

We have not authorized anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorized by us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in this Global Offering. No representation is made that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

Issuer	Ronshine Service Holding Co., Ltd (融信服務集團股份有限公司).
The Global Offering	The Global Offering of initially 125,000,000 Shares comprising (i) 12,500,000 new Shares (subject to reallocation) for subscription by the public in Hong Kong and (ii) initially 112,500,000 new Shares for subscription under International Placing (subject to reallocation and the Over-allotment Option). If the Over-allotment Option is exercised, our Company will be issuing up to 18,750,000 additional new Shares.
Offer price range	Not more than HK$5.63 and not less than HK$4.68 per Share
Share borrowing arrangements in connection with settlement	The Stabilizing Manager or any person acting for it may borrow from Rongxin Yipin up to 18,750,000 Shares (assuming the Over-allotment Option is exercised in full).
Over-allotment Option	Up to 18,750,000 additional new Shares to by issued by our Company.
Procedure for application for Hong Kong Public Offer Shares	Please see "How to Apply for the Hong Kong Public Offer Shares" in this prospectus and the relevant Application Forms.
Conditions of the Hong Kong Public Offering	For details on the structure and the conditions of the Hong Kong Public Offering, please see "Structure and Conditions of the Global Offering—Conditions of the Global Offering" in this prospectus.
Lock-up undertakings by our Company and the Controlling Shareholders	For more information, please see "Underwriting—Underwriting Arrangements and Expenses—Undertakings to the Stock Exchange Under the Listing Rules" and "Underwriting—Underwriting Arrangements and Expenses—Undertakings pursuant to the Hong Kong Underwriting Agreement" in this prospectus.

Stamp duty	Dealings in the Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares. Transfers of the Shares registered on our principal register of members in Cayman Islands will not be subject to Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.
Application for listing on the Stock Exchange	Application has been made to the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Capitalization Issue. No part of the Share or the loan capital 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.
Restrictions on offers and offers for sale	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 circumstance in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.
Eligibility for CCASS	Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance of the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day (as defined in the Listing Rules) after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Language

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

Rounding of figures

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

Exchange rate

For the purpose of illustration only and unless otherwise specified in this prospectus, amounts denominated in RMB have been translated into HK$ at the rate of RMB1.00 = HK$1.21887 whereas the amounts denominated in HK$ have been translated into RMB at the rate of HK$1.00 = RMB0.82043. No representation is made that the RMB amounts could have been, or could be, converted into HK$ or vice versa at such rates or at any other rate on such date or on any other date.

Commencement of dealing in the Shares	Dealings in our Shares on the Main Board are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, July 16, 2021. Shares will be traded in board lots of 1,000 Shares each.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Ou Zonghong (歐宗洪)	Room 0925 No. 189 Longxi Road Changning District Shanghai PRC	Chinese
Mr. Ma Xianghong (馬祥宏)	11A, Building 5 Keyuan Xueli Garden No. 6 Qingwu Road Nanshan District Shenzhen, Guangdong Province PRC	Chinese
Ms. Lin Yi (林怡)	Room 901, Building 2 of Jinjiangyuan, 160 West Yangqiao Road, Gulou District, Fuzhou, Fujian Province, PRC	Chinese
Non-executive Director		
Ms. Lin Liqiong (林麗瓊)	Room 1004 No. 3, Lane 1101 Ninghong Road Minhang District Shanghai PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Ye Azhong (葉阿忠)	Unit 305, Block 8 Yiyuan West Village No. 523 Gongye Road Gulou District Fuzhou, Fujian Province PRC	Chinese
Mr. Chen Zhangwang (陳章旺)	C5-05, District A Ronghuishanshui No. 3 Dayang Road Shangjie Town, Minhou County Fuzhou, Fujian Province PRC	Chinese
Mr. Kwok Kin Kwong Gary (郭建江)	Flat B, 14/F, 20 Broadway Mei Foo, Kowloon Hong Kong	Chinese

Please see "Directors and Senior Management" in this prospectus for more details about our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Haitong International Capital Limited** *(a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities for the purpose of SFO)* Suites 3001-3006 and 3015-3016 One International Finance Centre 1 Harbour View Street Central Hong Kong
Sole Representative	**Haitong International Securities Company Limited** *(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFO)* 22nd Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Global Coordinators	**Haitong International Securities Company Limited** *(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFO)* 22nd Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong **CMB International Capital Limited** *(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of SFO)* 45/F, Champion Tower 3 Garden Road Central Hong Kong

Joint Bookrunners

Haitong International Securities Company Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFO)
22nd Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

CMB International Capital Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of SFO)
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

China Everbright Securities (HK) Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purpose of SFC)
12/F Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

China Merchants Securities (HK) Co., Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purpose of SFC)
48/F
One Exchange Square
8 Connaught Place
Central
Hong Kong

CRIC Securities Company Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities for the purpose of SFC)
Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

Vision Capital International Holdings Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFC)
Room A01-A02
11/F. Grand Millennium Plaza
181 Queen's Road Central
Sheung Wan
Hong Kong

Joint Lead Managers

Haitong International Securities Company Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFO)
22nd Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

CMB International Capital Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of SFO)
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

China Everbright Securities (HK) Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purpose of SFC)
12/F
Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

China Merchants Securities (HK) Co., Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purpose of SFC)
48/F
One Exchange Square
8 Connaught Place
Central
Hong Kong

CRIC Securities Company Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities for the purpose of SFC)
Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

Vision Capital International Holdings Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFC)
Room A01-A02
11/F.
Grand Millennium Plaza
181 Queen's Road Central
Sheung Wan
Hong Kong

Livermore Holdings Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) regulated activity for the purpose of SFC)
Unit 1214A, 12/F
Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Huafu International Securities Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of SFC)
Units 03-06
17th Floor
Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

SBI China Capital Financial Services Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities for the purpose of SFC)
4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

Sinomax Securities Limited
(a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities for the purpose of SFC)
Room 2705–6, 27/F, Tower One
Lippo Centre
89 Queensway
Hong Kong

Legal advisors to our Company	*As to Hong Kong law:* **Sidley Austin** 39th Floor, Two International Finance Center 8 Finance Street Central Hong Kong
	As to PRC law: **Commerce & Finance Law Offices** 6/F, NCI Tower A12 Jianguomenwai Avenue Beijing PRC
	As to Cayman Islands law: **Conyers Dill & Pearman** 29/F One Exchange Square 8 Connaught Place Central Hong Kong
Legal advisors to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Deacons** 5th Floor, Alexandra House 18 Chater Road Central Hong Kong
	As to PRC law: **Tian Yuan Law Firm** 10/F, Tower B, China Pacific Insurance Plaza 28 Fengsheng Hutong Xicheng District Beijing PRC
Auditor and reporting accountant	**PricewaterhouseCoopers** *Certified Public Accountants and* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong

PRC tax advisor	**Fujian Easy-Tax Accountants Co., Ltd** 11/F, Building B, Zhongshan Tower 152 Hudong Road Fuzhou, Fujian Province PRC
Industry consultant	**China Index Academy** 11/F, Building A, No. 20 Courtyard Guogongzhuang Middle Street Fengtai District Beijing PRC
Receiving bank	**China Construction Bank (Asia) Corporation Limited** 28/F, CCB Tower 3 Connaught Road Central Central Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business and headquarters in the PRC	Room 401-3, Building No. 6 Lane 226 Panyang Road Minhang District Shanghai PRC
Principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Company's website	**http://www.rxswy.com** *(the information contained on this website does not form part of this prospectus)*
Joint company secretaries	Ms. Lin Yi (林怡) Room 901, Building 2 of Jinjiangyuan, 160 West Yangqiao Road, Gulou District, Fuzhou, Fujian Province, PRC Ms. Ng Wing Shan (吳詠珊) *(FCS, FCG)* 40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Audit committee	Mr. Kwok Kin Kwong Gary *(Chairman)* Mr. Chen Zhangwang Mr. Ye Azhong
Remuneration committee	Mr. Chen Zhangwang *(Chairman)* Mr. Ou Zonghong Mr. Ye Azhong

Nomination committee	Mr. Ou Zonghong *(Chairman)* Mr. Chen Zhangwang Mr. Ye Azhong
Authorized representatives	Ms. Lin Yi (林怡) Room 901, Building 2 of Jinjiangyuan, 160 West Yangqiao Road, Gulou District, Fuzhou, Fujian Province, PRC
	Ms. Ng Wing Shan (吳詠珊) *(FCS, FCG)* 40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Compliance advisor	**Haitong International Capital Limited** Suites 3001-3006 and 3015-3016 One International Finance Centre 1 Harbour View Street Central Hong Kong
Principal share registrar and transfer office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Principal banks

Agricultural Bank of China
Fuzhou Jinzhou Branch
Rongxin Super Star City
No. 580, Jinshan Road
Cangshan District
Fuzhou, Fujian Province
PRC

China Construction Bank
Fuzhou Guangda Branch
No. 77, Guangda Road
Taijiang District
Fuzhou, Fujian Province
PRC

China Construction Bank
Fuzhou Cangshan District
Shangjiang City Branch
Building 2, Shiou Shangjiang City
No. 136, Nan Jiang Bin Xi Road
Fuzhou, Fujian Province
PRC

The information in this section is derived from an independent report prepared by CIA. The industry report prepared by CIA is based on information from its database, publicly available sources, industry reports, data obtained from interviews and other sources. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriter, any of its directors, officers, affiliates, advisors or representatives, or any other party (other than CIA) involved in the Global Offering. We, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriter, any of its directors, officers, affiliates, advisors or representatives, and any other party (other than CIA) involved in the Global Offering make no representation as to the completeness, accuracy or fairness of such information and accordingly such information should not be unduly relied upon.

BACKGROUND AND METHODOLOGIES OF CIA

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

Data analysis in this section includes data and information on the Top 100 Property Management Companies as ranked by CIA[(1)]. CIA may, upon specific request, prepare further rankings within the Top 100 Property Management Companies for certain indices. We requested CIA to assess us for the Top 100 Property Management Companies based on CAGRs for GFA under management, revenue and net profit for 2015 to 2020 for the purpose of the Global Offering. In preparing the CIA Report, CIA assumed that: (i) the social, economic and political conditions in China and the world will remain stable during the forecast period; (ii) government policies on the property management industry in China will remain unchanged during the forecast period; (iii) all published data by the relevant statistics bureaus are accurate; and (iv) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate.

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

THE PRC PROPERTY MANAGEMENT INDUSTRY

Overview

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

Major Fee Models

Property management companies in the PRC primarily generate revenue from property management services and other value-added services, including, among others, preliminary property management services, repair and maintenance services, sales and rental services, engineering services and community value-added services, such as home decorations, property agency services, bulk purchase facilitation, tourism.

Note:

(1) In determining the rankings of the Top 100 Property Management Companies, CIA may assign the same ranking to multiple companies with the same or very close scores, and therefore it is possible that more than 100 companies may be classified as being among the Top 100 Property Management Companies in the industry.

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

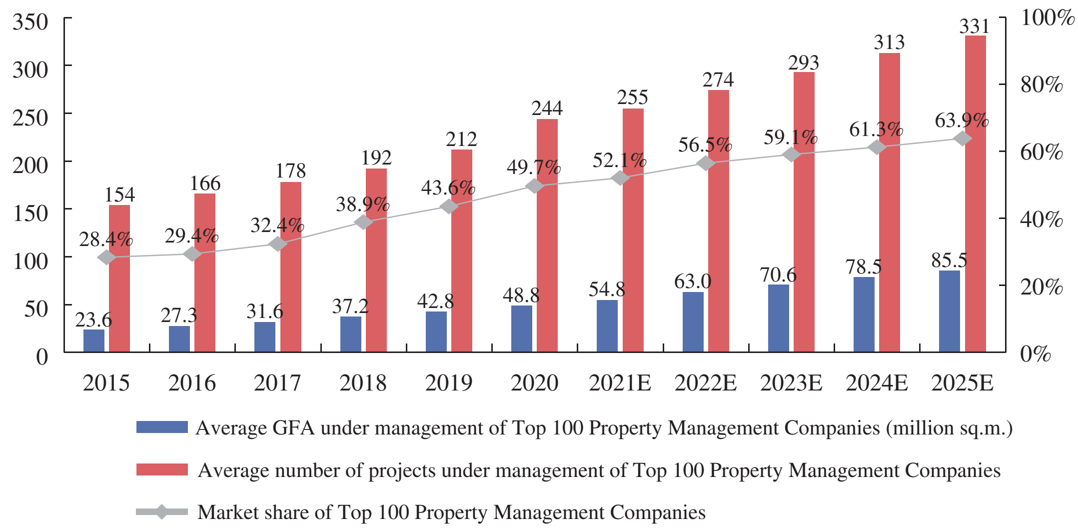
Development of the PRC Property Management Industry

Continuous Growth of the Top 100 Property Management Companies

The Top 100 Property Management Companies have experienced substantial growth in terms of the total GFA and the number of properties under management in recent years, mainly due to the rapid urbanization of various regions in the PRC and continuous increase in the average per capita disposable income of customers. The average GFA of properties managed by the Top 100 Property Management Companies increased to 48.8 million sq.m. in 2020 from 23.6 million sq.m. in 2015, representing a CAGR of 15.6%. As the business scale of the Top 100 Property Management Companies expands and the total GFA of commodity housing properties increases in the coming years, the average GFA of properties under management by the Top 100 Property Management Companies is expected to increase from approximately 48.8 million sq.m. in 2020 to approximately 85.0 million sq.m. in 2025, representing a CAGR of 11.9%. The average number of properties managed by the Top 100 Property Management Companies increased to 244 as of December 31, 2020 from 154 as of December 31, 2015, representing a CAGR of 9.6%, and is expected to increase from 244 in 2020 to 331 in 2025, representing a CAGR of 6.3%. As a result of the above-mentioned growth in GFA and number of properties under management, the average revenue of the Top 100 Property Management Companies increased to approximately RMB1,173.4 million in 2020 from approximately RMB540.8 million in 2015, representing a CAGR of 16.8%.

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

The GFA under Management of the Top 100 Property Management Companies in China, 2015-2025E



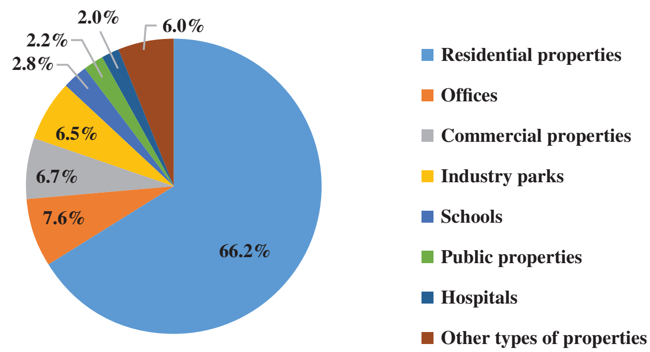
Source: CIA

According to CIA, the geographical coverage of the Top 100 Property Management Companies has also grown in recent years. The average number of cities in which the Top 100 Property Management Companies had operations increased to 34 as of December 31, 2020 from 27 as of December 31, 2015.

Increasing Diversification of the Property Management Portfolio

Among the properties under management, residential properties account for the largest share in terms of total GFA under management in the PRC market. The chart below sets forth the proportion of the total GFA of each type of properties managed by the Top 100 Property Management Companies as of December 31, 2020:

Type of Properties Managed by the Top 100 Property Management Companies in China as of December 31, 2020

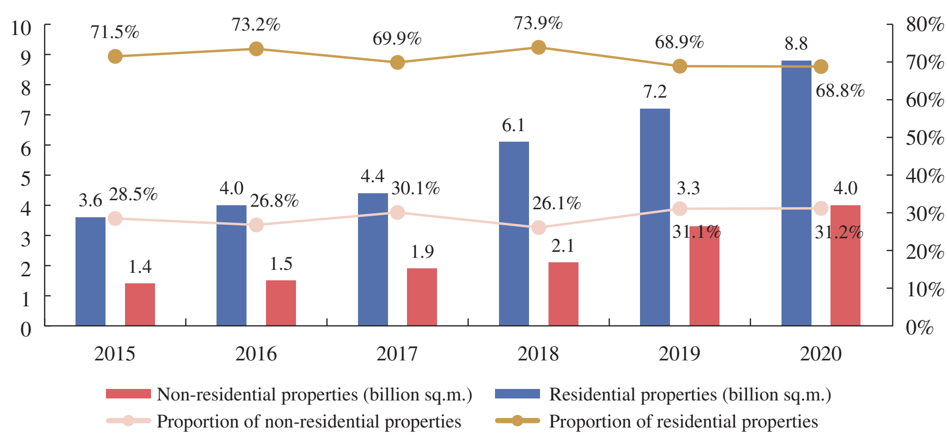


Source: CIA

According to the National Bureau of Statistics of China, the total sales of residential properties have increased from RMB7.3 trillion in 2015 to RMB15.5 trillion in 2020, representing a CAGR of approximately 16.3% and the total sales of non-residential properties, including commercial properties, offices, industry parks, schools, public properties, hospitals and other types of properties, have increased from RMB1,452.8 billion in 2015 to RMB1,904.3 billion in 2020, representing a CAGR of approximately 5.6%.

While residential properties still account for the largest percentage of the total GFA of properties under management, property management companies have sought to diversify the types of properties under their management. The total GFA of non-residential properties managed by the Top 100 Property Management Companies increased from approximately 1.42 billion sq.m. as of December 31, 2015 to approximately 4.0 billion sq.m. as of December 31, 2020, representing a CAGR of 23.0%. The following chart presents the total GFA of residential and non-residential properties managed by the Top 100 Property Companies as of the years indicated:

The GFA of Residential and Non-Residential Properties Managed by the Top 100 Property Management Companies

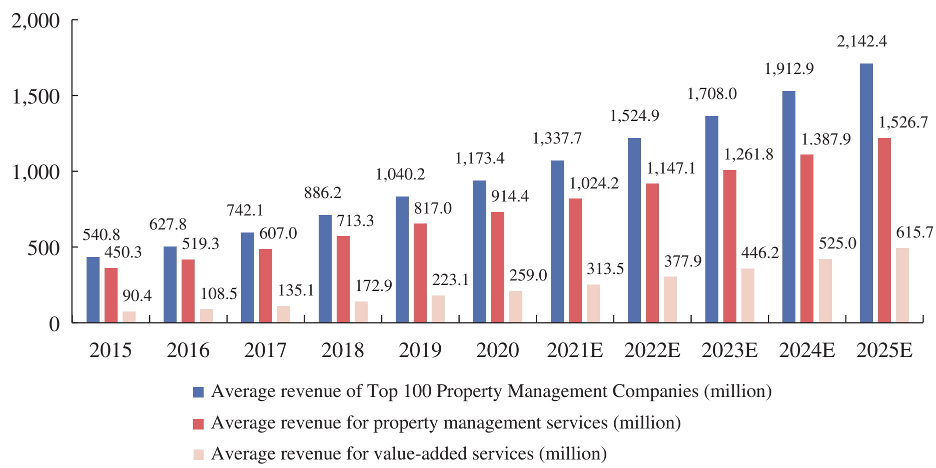


Source: CIA

Property Management Companies Competing to Expand Value-added Services and Improve Service Quality

Other than revenue generated from property management services, property management companies may also generate revenue from value-added services, including, among others, consultancy services, engineering services and community value-added services, such as common area services, housekeeping and cleaning, property agency, finance, elderly care and nursing services. The average revenue generated from value-added services for the Top 100 Property Management Companies increased by 49.8% from approximately RMB172.9 million in 2018 to approximately RMB259.0 million in 2020. The following chart presents the increases in average revenue and respective average revenue generated from property management services and value-added services for the Top 100 Property Management Companies in the years indicated:

The Revenue of Top 100 Property Management Companies in China, 2015-2025E



Source: CIA

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

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

From 2016 to 2020, average property management fees for residential properties managed by the Top 100 Property Management Companies (as the dominant portion of their property management portfolios) was RMB2.3 per sq.m. per month, RMB2.3 per sq.m. per month, RMB2.3 per sq.m. per month, RMB2.1 per sq.m. per month and RMB2.1 per sq.m. per month, respectively. According to CIA, the average property management fees for residential properties managed by the Top 100 Property Management Companies in 2020 for first-tier, second-tier and other cities in the PRC was approximately RMB3.0 per sq.m. per month, RMB2.0 per sq.m. per month and RMB1.8 per sq.m. per month, respectively. According to

CIA, the Top 100 Property Management Companies have been seeking to diversify their property management projects and management experience to include more non-residential properties such as office buildings and commercial properties. In general, property management companies may charge more property management fees for non-residential properties than residential properties. For example, average property management fee in 2020 for the Top 100 Property Management Companies in relation to office buildings and commercial properties, was RMB6.9 per sq.m. per month and RMB6.2 per sq.m. per month, respectively. The average property management fee in 2020 for the Top 100 Property Management Companies in relation to office buildings for first-tier, second-tier and other cities in the PRC was approximately RMB12.0 per sq.m. per month, RMB6.2 per sq.m. per month and RMB5.9 per sq.m. per month, respectively. The average property management fee in 2020 for the Top 100 Property Management Companies in relation to commercial properties for first-tier, second-tier and other cities in the PRC was approximately RMB11.2 per sq.m. per month, RMB5.5 per sq.m. per month and RMB5.2 per sq.m. per month, respectively.

The following table sets forth the market range of property management fees for high- and mid-end and relatively low-end residential properties managed by the Top 100 Property Management Companies by geographic region for the years indicated:

	The Western Straits Region Market Range[(1)]			**The Yangtze River Delta Region Market Range[(1)]**		
	2018	**2019**	**2020**	**2018**	**2019**	**2020**
	(RMB per sq.m. per month)					
High- and mid-end . . .	2.1-4.3	2.1-4.5	2.1-4.6	2.1-4.4	2.1-4.5	2.1-4.7
Relatively low-end . . .	0.50-2.09	0.50-2.09	0.50-2.09	0.60-2.09	0.60-2.09	0.60-2.09

Source: CIA

(1) The market range information was calculated based on the data and information of the Top 100 Property Management Companies during the relevant years excluding outliers.

The following table sets forth the market range of property management fees for non-residential properties managed by the Top 100 Property Management Companies by geographic region for the years indicated:

	The Western Straits Region Market Range(1)			The Yangtze River Delta Region Market Range(1)		
	2018	2019	2020	2018	2019	2020
	(RMB per sq.m. per month)					
Overall	2.0-13.5	2.0-14.0	2.0-14.0	2.0-14.8	2.0-15.0	2.0-15.0

Source: CIA

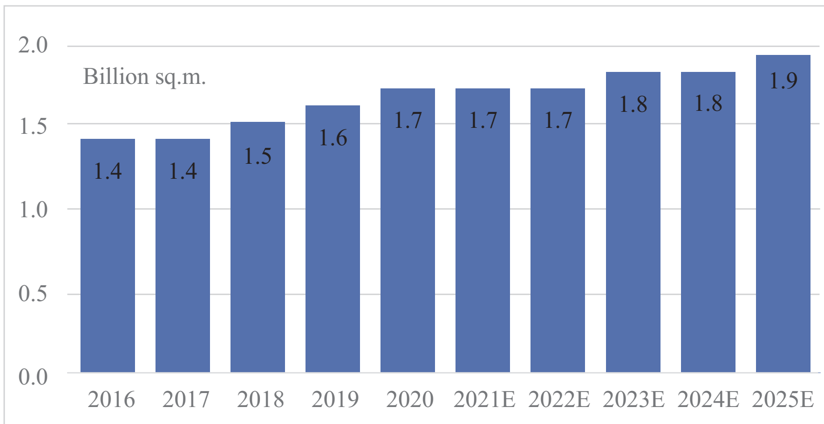
(1) The market range information was calculated based on the data and information of the Top 100 Property Management Companies during the relevant years excluding outliers.

Development of the Property Management Industry in the Western Straits Region and Yangtze River Delta Region

The Western Straits Region

According to CIA, for the year ended December 31, 2019, the urbanization rate (being the projected average rate of change of the size of the urban population over the given period of time) and per capita disposable income in the Western Straits Region reached 61.6% and RMB32,149 per annum, respectively. The average residential property management fee in the Western Straits Region was RMB2.05 per sq.m. per month for the Top 100 Property Management Companies in 2020. The average property management fee for office buildings and commercial properties was RMB5.6 per sq.m. per month for the Top 100 Property Management Companies headquartered in the same region in 2020.

For the year ended December 31, 2020, the total GFA under management of the property management companies in the Western Straits Region was approximately 1.7 billion sq.m., accounting for 6.4% of the total GFA under management in the PRC property management industry for the same year. The following chart presents the increases in total GFA under management of the property management companies in the Western Straits Region in the years indicated:



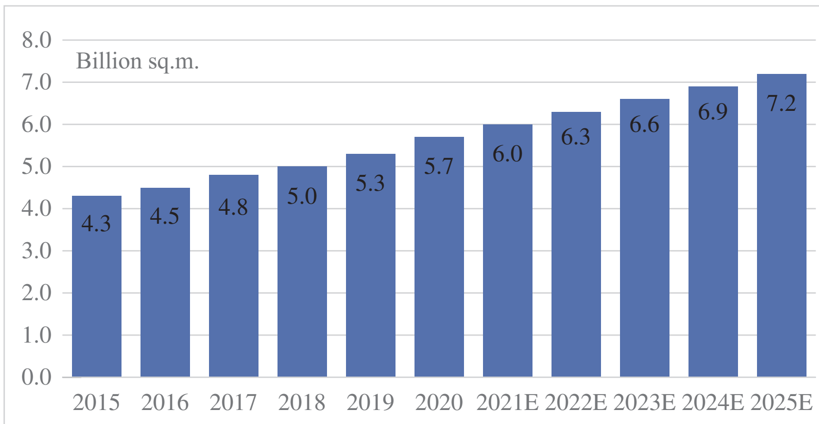
Source: CIA

According to CIA, we were ranked third in terms of net profit ratio and fourth in term of year-on-year growth rate of net profit among the Top 100 Property Management Companies that have its largest GFA under management in the Western Straits Region in 2019. According to CIA, we were also ranked second among the Top 100 Property Management Companies that have its largest GFA under management in the Western Straits Region in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue based on the relevant operating data for 2020.

The Yangtze River Delta Region

According to CIA, for the year ended December 31, 2019, the urbanization rate and per capita disposable income in the Yangtze River Delta Region reached 71.1% and RMB45,551 per annum, respectively. The average residential property management fee in the Yangtze River Delta Region was RMB2.3 per sq.m. per month for the Top 100 Property Management Companies in 2020. The average property management fee for office buildings and commercial properties was RMB6.37 per sq.m. per month for the Top 100 Property Management Companies headquartered in the same region in 2020.

For the year ended December 31, 2020, the total GFA under management of the property management companies in the Yangtze River Delta Region was approximately 5.7 billion sq.m., accounting for 21.8% of the total GFA under management in the PRC property management industry for the same year. The following chart presents the increases in total GFA under management of the property management companies in the Yangtze River Delta Region in the years indicated:



Source: CIA

We were ranked 41st in terms of year-on-year growth rate of net profit among the 65 Top 100 Property Management Companies headquartered in the Yangtze River Delta Region in 2020. According to CIA, we were also ranked fourth among the Top 100 Property Management Companies headquartered in the Yangtze River Delta Region in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue based on the relevant operating data for 2020.

We plan to further solidify our market positions in the Western Straits Region and Yangtze River Delta Region by pursuing strategic investments and acquisitions. According to the CIA, of the Top 100 Property Management Companies for 2020, there were approximately 10 property management companies in the Western Straits Region and approximately 46 property management companies in the Yangtze River Delta Region that meet our investments and acquisition criteria set forth in the section headed "Future Plans and Use of Proceeds."

INDUSTRY GROWTH DRIVERS

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

Favorable Policies

In June 2003, the PRC Government promulgated the Regulations on Property Management (《物業管理條例》), establishing a regulatory framework for the property management industry in China. Since then, a number of laws and rules have come into effect regulating various aspects of the property management industry and numerous policies enacted to promote its development. These include, but are not limited to, the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (《國家發展和改革委關於放開部分服務價格意見的通知》) and the Guidance on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《關於加快發展生活性服務業促進消費結構升級的指導意見》) (which, according to CIA, was the first policy document in the PRC aiming at improving the scale and quality of daily life services, offering us policy support in expanding the scale of our services provided to residents and providing premium value-added services). The State Council and the Central Committee of the Communist Party of China 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, which promotes the offering of property management services to rural communities as well as urban communities, expanding the potential addressable market for our residential property management services. Furthermore, various provincial and municipal governments have issued their own laws and rules to construct the regulatory frameworks for the local property management industries. For example, Fujian Provincial Development and Reform Commission and Housing and Urban-Rural Development Department of Fujian Province promulgated Notice on Price of Property Management Services (《關於物業服務收費管理有關問題的通知》) in 2019 to lower the difficulties in adjusting the property management fees. Moreover, many cities in the Western Straits Region and Yangtze River Delta Region laid emphasis on urban renewal process to enhance city image and living quality and enlarged the property management service market by introducing property management services to old communities and offering governmental grants to the relevant service providers. Such policies further support the development and drive the demand for the property management services in the Western Straits Region and Yangtze River Delta Region, where we had major presence. We expect that the PRC property management industry will continue to grow through government encouragement under the various regulatory frameworks.

The favorable policies promulgated have also allowed significant market potential for non-residential properties. For example, in July 2017 the General Office of the State Council promulgated the Guidance on Establishing Management Systems for Modern Hospitals (《關於建立現代醫院管理制度的指導意見》), which recommended that hospitals, with a view to their specific needs and characteristics, establish management systems that facilitate their smooth and successful operation. It encouraged hospitals to explore the use of and drive the demand of one-stop service platforms. We believe that such policies will encourage a growing number of owners and managers of non-residential properties to explore the market for professional property management service providers. The Guidelines for Smart Communities Construction (Trial) (《智慧社區建設指南(試行)》) issued in 2014 by the MOHURD encouraged and indicated customers' need for the upgrade of traditional property management services through digitization and smart management. It broadens the scope of property management services and brings more development space for property management industry. In December 2018, the NDRC and the Office of the Central Cyberspace Affairs Commission have has issued the Notice on the Continuous Development and Evaluation of Smart Cities and the Promotion of the Healthy and Rapid Development of Smart Cities (《關於繼續開展新型智慧城市建設評價工作深入推動新型智慧城市健康快速發展的通知》). It further encourages the application of "smart" technologies in the property management services.

Growth in Urbanization and Per Capita Disposable Income

The urbanization rate in China increased from 34.8% as of December 31, 1999 to 60.6% as of December 31, 2019. The growing urbanization produces a high demand for property management services and the PRC property management industry is expected to continue to grow in tandem with a rising level of urbanization of the country. Moreover, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population, which increased to RMB42,359 per annum as of December 31, 2019, representing a CAGR of 9.4% since December 31, 2009. We expect that, backed with increasing per capita disposable income, the consumers will become increasingly sophisticated and willing to pay premiums for quality services and have more discretions on spending on goods and services beyond basic necessity. In addition, we believe the emerging middle-to-high-income class in the PRC and their growing spending power will continue to support the development of mid- to high-end property management services provided to high-end properties in the PRC.

Development of Residential and Commercial Properties in the PRC

Following rapid urbanization and continuous growth in per capita disposable income, the supply of commercial housing properties in the PRC also surged. The total GFA of office buildings sold increased from approximately 29.1 million sq.m. as of December 31, 2015 to approximately 33.3 million sq.m. as of December 31, 2020, representing a CAGR of 2.8%. The total GFA of properties for business use sold increased from approximately 92.5 million sq.m. as of December 31, 2015 to approximately 92.9 million sq.m. as of December 31, 2020, representing a CAGR of 0.1%. The total GFA of commodity housing 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 approximately 6.5%.

FUTURE TRENDS AND CHALLENGES OF THE PROPERTY MANAGEMENT INDUSTRY

Increased Market Concentration and Merger and Acquisition Activities

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

The GFA under Management of Top 100 Property Management Companies in China, 2015-2025E

Source: CIA

With the transition to standardization and automation in the property management industry, more large-scale property management companies started to provide consultancy services to other property management companies and property developers to expand their geographic presence, showcase their services and abilities, enhance their brand reputation and promote their online service platforms. Such services include property management consulting, automation consulting, engineering consulting and sharing of online service platforms. In addition to the increasing cooperation among industry participants, large-scale property management companies actively accelerate their expansion by means of mergers and acquisitions of small and medium-sized property management companies in order to expand the scale of properties under management and realize economies of scale to improve their market position. The market share of the Top 100 Property Management Companies in terms of GFA under management has increased from 28.4% in 2015 to 43.6% in 2019.

Further Diversify and Expand Value-added Services

According to CIA, leveraging the service experience from the traditional property management service, the property management companies have been diversifying their revenue streams by further developing value-added services, in particular, common area services and other services under community value-added services. Common area services and other services have experienced rapid growth in recent years, as the revenue generated from providing these services to the total revenue generated from community value-added services of the Top 100 Property Management Companies has increased from 24.36% in 2019 to 28.76% in 2020 and from 12.47% in 2019 to 18.42% in 2020, respectively. In respect of community value-added services, apart from common area services and other services mentioned above, community life services and property owners' assets operation are the two additional source of revenue from community value-added services of the Top 100 Property Management Companies, accounting for 16.9% and 14.5%, respectively, of the revenue generated from community value-added services for the Top 100 Property Management Companies in 2020.

Explore Market Potential of Non-Residential Properties

According to CIA, PRC property management companies have been seeking to diversify their management portfolios and include, in addition to residential properties, non-residential properties such as industrial parks, hospitals and schools. In general, property management companies may charge higher property management fees for non-residential properties than residential properties. For example, average property management fee for residential properties in the Top 100 Property Management Companies was approximately RMB2.1 per sq.m. per month in 2020. In comparison, average property management fee for commercial properties, office buildings, industrial parks and schools in 2020 were RMB6.2 per sq.m. per month, RMB6.9 per sq.m. per month, RMB3.3 per sq.m. per month and RMB3.3 per sq.m. per month, respectively. According to CIA, there is significant market potential for non-residential properties because of (i) the continuous promulgation of various favorable laws and rules in relation to the management of non-residential properties, and the formation of a stable regulatory framework, and (ii) a growing number of owners or operators of non-residential properties who delegate their property management operations to professional service providers in the market.

Increasing Adoption of Information Technology in Business and Diversified Services

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

Increasing Demand for Professional Personnel

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

Increasing Standardization of Property Management Services

Standardization allows property management companies to improve their service quality, and is the foundation for the sustainable expansion of business operations across regions. The PRC Government has issued Guidelines for Accelerating the Development of Industry of Domestic Services and Promoting the Upgrading of Consumption Structure (關於加快發展生活性服務業促進消費結構升級的指導意見). According to CIA, such policy is to introduce the idea of standardizing the quality of property management services. Many of the Top 100 Property Management Companies in China have established internal standardized operating procedures to guide their provision of services. Information technology has played an increasingly important role in property management services in recent years. Property management companies use information technology to implement technological solutions for automating key business operations. Technological solutions minimize human error and allow property management companies to consistently apply their standardized procedures and quality standards. In turn, this reduces their reliance on manual labor and therefore the costs involved in hiring employees and sub-contractors as well. Furthermore, centralized information technology enables property management companies to monitor the administrative and financial business operations of their branches, subsidiaries and offices, as well as ensure that they are consistently applying their policies, procedures and quality standards.

Growing Expectation on Service Quality

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

COMPETITION

Competitive Landscape

According to CIA, the PRC property management market is fragmented and competitive, with approximately 0.2 million property management service providers operating in the industry in 2021.

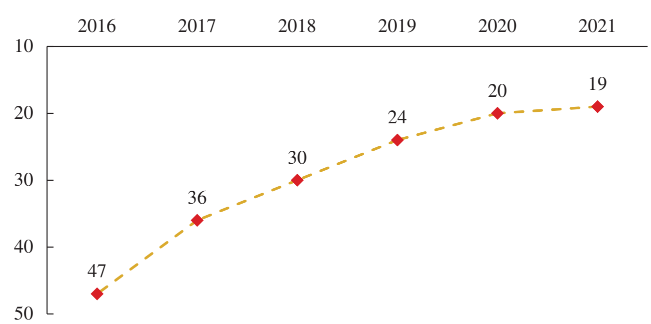
According to CIA, the property management market in China is becoming increasingly concentrated with the consolidation trend given larger market players are acquiring and/or merging with smaller market participants. We primarily compete with large national, regional and local property management companies.

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

According to CIA, we were ranked 20th and 19th among the Top 100 Property Management Companies in terms of overall strength[(1)] in 2020 and 2021, respectively. According to CIA, we were recognized as one of the leading companies among the Top 100 Property Management Companies in terms of growth in 2020 and one of the 2020 leading property management companies in the PRC in providing tailored services, according to CIA. In 2021, we were recognized as one of the leading companies in terms of service quality among the Top 100 Property Management Companies in the PRC (2021中國物業服務百強服務質量領先企業), one of the leading property management companies in the PRC in terms of marketalisation of business (2021中國物業管理行業市場化運營領先企業) and one of the leading property management companies in providing high-end property management services in the PRC (2021年中國高端物業服務領先企業) by CIA.

The following graph shows our ranking among the Top 100 Property Management Companies in the PRC in terms of overall strength from 2016 to 2021:

Our Ranking among the Top 100 Property Management Companies, 2016-2021



Source: CIA

According to CIA, we were recognized as one of the top 10 companies among the Top 100 Property Management Companies in the PRC in terms of growth in 2019 and one of the leading companies among the Top 100 Property Management Companies in the PRC in terms of growth in 2020. For these two recognitions, CIA generally applies the same evaluation criteria, which mainly include: (i) year-on-year growth rate in revenue, (ii) year-on-year growth rate in GFA under management, (iii) year-on-year growth rate in gross profit, (iv) year-on-year growth rate in net profit, (v) total GFA under management, and (vi) total number of employees. The main

Note:

(1) The Top 100 Property Management Companies in terms of overall strengths were ranked by assessing the relevant key factors of each property management companies, including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. According to CIA, we were ranked 94th in terms of total revenue and 104th in terms of total GFA under management in 2019, and our market share was approximately 0.091% in terms of total revenue and 0.067% in terms of total GFA under management in the same year. The Top 100 Property Management Companies are China-based property management companies published by CIA in terms of overall strength, which comprised 100, 210, 200, 200, 220, 244 and 264 property management companies in 2014, 2015, 2016, 2017, 2018, 2019 and 2020, respectively. See "—Background and Methodologies of CIA" in this section for more details.

difference between the two is that the recognition of the "top 10 companies among the Top 100 Property Management Companies in the PRC in terms of growth in 2019" included only 10 companies while the recognition of "one of the leading companies among the Top 100 Property Management Companies in terms of growth in 2020" included more than 10 companies. In addition, we were also recognized as one of the leading companies in terms of service quality by CIA in 2021. The following criteria were used for this recognition: (i) customer satisfaction rate, (ii) property management fee collection rate, (iii) property management project renewal rate and (iv) the number of quality residential communities under its management, as well as certain other business development areas, such as utilization of advanced technologies in its service, the range of community value-added services provided and others. We were also recognized as one of the leading property management companies in providing high-end property management services in the PRC by CIA in 2021, mainly because of the quality services that we provided in relation to three property management projects in Shanghai under our ROYEEDS brand which were considered as high-end properties due to their relatively high service requirements and relatively high property management fees.

Entry Barriers

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

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

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

- *Specialization in operations and management*. In order to better control costs and maintain service quality, standardized and automated operation models are required by properties management companies to improve their capacity to manage more properties. Large-scale property management companies have more resources to invest in standardization, automation and smart management of their operations than new entrants.

- *Talent specialization*. With the prevalent adoption of the Internet and other technologies, qualified employees in the property management industry are increasingly sought after. Both recruiting and retaining high-quality professional employees are considered as a main hurdle for new entrants.

THE IMPACT OF COVID-19 OUTBREAK ON PROPERTY MANAGEMENT INDUSTRY

According to CIA, the COVID-19 outbreak in the PRC affected the delivery of property management projects mainly in the first half of 2020 and caused certain short-term economic slowdown across China. However, the PRC has generally brought the COVID-19 outbreak under control after the first few months of 2020 and the overall economy has recovered in the last three quarters of 2020. According to CIA, the total GDP of the PRC for 2020 was RMB101,598.6 billion, representing an increase of 2.3% from 2019. According to the same source, for Fujian province, the total GDP for 2020 was RMB4,390.3 billion, which increased by 3.3% as compared to 2019. In addition, in terms of property sales, according to CIA, the total areas sold for retail properties in the PRC market for 2020 amounted to approximately 1,760.9 million sq.m., representing an increase of 6.5% from 2014. According to the same source, the total areas sold for retail properties in Fujian province for 2020 amounted to approximately 660.7 million sq.m., representing an increase of 2.3% as compared to 2019. Overall, the property market in the PRC has bounced back from the initial "shock" brought by the COVID-19 outbreak and generally recovered by the last quarter of 2020. In addition, the COVID-19 outbreak is expected to bring limited impacts on property management industry given that (i) the existing GFA under management and respective property management fees remained stable during the COVID-19 outbreak; (ii) the construction and other services have been gradually resumed operation and the property management projects are expected to be delivered thereafter; and (iii) the PRC Government implemented various favorable policies such as the tax reliefs and government grant to property management industries. The outlook for residential and non-residential property management services and related value-added services will remain positive. Moreover, the COVID-19 outbreak presented new opportunities for the property management companies. Due to the quarantine restrictions, property management companies are encouraged to accelerate the development of mobile applications, internet platforms and smart community technologies in order to provide better services to their customers. Property management companies that are capable of delivering quality services have gained higher customer satisfaction and increased their customer loyalty. Overall, a large number of property management companies have been able to take advantage of the new opportunities brought by the COVID-19 outbreak and property delivery from property developers to property management companies have resumed to the regular pace toward the end of 2020.

This section sets out a summary of the main PRC laws and regulations applicable to our business and the industry in which we operate.

LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

Foreign Invested Property Management Enterprises

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

Pursuant to the Interim Administrative Measures for the Record-filing of the Establishment and Modifications of Foreign Investment Enterprises ("Interim Administrative Measures") (外商投資企業設立及變更備案管理暫行辦法) promulgated by Ministry of Commerce on October 8, 2016, and amended on July 30, 2017 and June 29, 2018, the Interim Administrative Measures shall apply to the establishment and modifications of foreign investment enterprises that are not subject to the approval under the special entry management measures. Where the establishment of foreign investment enterprise falls within the scope of Interim Administrative Measures, when the representatives of the enterprise go through the registration procedures for the establishment with the competent administrations for industry commerce and market supervision, they shall file the recording-filing information with the foreign investment comprehensive administration information system in accordance with the Interim Administrative Measures. On December 30, 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (外商投資信息報告辦法), which came into effect on January 1, 2020 and replaced the Interim Administrative Measures. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

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

Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法實施條例), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law (中外合資經營企業合營期限暫行規定), the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law of the PRC (中華人民共和國外資企業法實施細則) and the Regulations on Implementing 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實施細則).

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

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) (外商投資准入特別管理措施(負面清單)(2020年版)) issued by the NDRC and the MOFCOM on June 23, 2020 and came into effect on July 23, 2020, the property management service does not fall into such categories which foreign investment is restricted or prohibited.

Qualification of Property Management Enterprises

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

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

According to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (國務院關於取消一批行政許可事項的決定) issued by the State Council on September 22, 2017 which came into effect on the same day, qualification accreditation for property management enterprises of the first class was canceled.

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

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

Appointment of Property Management Enterprises

According to the Civil Code of the PRC (中華人民共和國民法典) (the "Civil Code", which came into effect on January 1, 2021 and replaced the Property Law of the PRC (中華人民共和國物權法) and several other basic civil laws on the same day), property owners can either manage the buildings and ancillary facilities by themselves, or subcontract the matter to a property management enterprise or other custodians. As regards the property management enterprise or any other custodians hired by the developer, property owners are entitled to alter it in accordance with law. Property management enterprises or other custodians shall manage the buildings and ancillary facilities within the area of the building as agreed with the property owners and pursuant to the relevant provisions of the Civil Code governing property service contracts, and shall be subject to the supervision by the property owners.

According to the Regulations on Property Management (2018 revision) (物業管理條例(2018年修正)), a general meeting of the property owners of a community can engage or dismiss a property management enterprise with affirmative votes of property owners whose ownership of exclusive areas constitute more than half of the total construction area of the building(s) and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the owner's general meeting, can sign property management agreement with property management enterprises engaged at the general meeting. Where a property developer recruits and selects any property management enterprise before it is selected by owners and the general meeting, such property developer shall conclude a written preliminary property management agreement with the enterprise. The preliminary property management agreement may stipulate the contract duration. If the property management agreement signed by the property owners' association and the property management enterprise comes into force within the term of preliminary property management, the preliminary property management agreement terminates automatically. Property developers of residential buildings shall enter into preliminary management contracts with property management enterprises through tender process.

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

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

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

In addition, Interpretation of the Supreme People's Court on Several Issues the Specific Application of Law in the Trial of Cases of Disputes over Property Management Service (最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋) (issued by the Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009) stipulates the interpretation principles applied by the court when hearing disputes on specific matters between property owners and property management enterprises. The Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in Hearing Cases of Disputes over Property Management Service (最高人民法院關於審理物業服務糾紛案件適用法律若干問題的解釋) got revised and the revised version came into effect on January 1, 2021, mainly to keep in consistent with the Civil Code which had amended a few legal terms and had included the aforesaid interpretation principles.

Fees Charged by Property Management Enterprises

According to the Regulations on Property Management, the property owners shall pay property management fees according to the property management agreement. As for the properties which have been completed but have not been sold or delivered to the purchasers of the properties, property management fee shall be paid by the property developer.

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

The fees charged by property management companies shall be determined with references to the government guidance prices or market prices, which are set based on the nature and features of relevant property to which the property management services are provided. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the local governments of each province, autonomous region and municipality. According to the Measures on the Charges of Property Management Enterprise (物業服務收費管理辦法), where property service charges are priced under the government guidance, the competent price government department together with the competent real estate department shall set the benchmark prices and the range of variations depending on such factors as the grading criteria of property service charges, and publish these prices and the range of variations at regular intervals; where property service charges are priced by market, property owners and property management enterprises shall agree on the charges in property management service agreements.

According to the Notice of Price Bureau and Housing and Urban Construction Department of Guangdong Province on the Measures of Property Service Fee (《廣東省物價局、廣東省住房和城鄉建設廳關於物業服務收費管理辦法的通知》), which came into effect on April 1, 2010, government guidance prices or market price shall be implemented for charges of property management in light of the nature and characteristics of different properties. Government guidance price shall be implemented for the charges of property management of a residential property (including self-owned parking space and garages) before the establishment of the general meeting of the property owners, and market-regulated prices shall be implemented for the service fee of villas, residential properties (including self-owned parking space and garages) after the establishment of the general meeting of the property owners and other non-residential properties.

According to the Administrative Measures of Jiangsu Province on Property Management Service Charges (《江蘇省物業服務收費管理辦法》), which was promulgated on December 29, 2018 and came into effect on January 1, 2019, the preliminary property management service charges for ordinary residential properties shall comply with government guidance price, the policy-making of which is delegated to the governments at the municipal and county level; after the general meeting of the property owners is established, the property management service fees shall be negotiated between property management companies and the general meeting of property owners or property owners' association authorized by the general meetings of property owners; the property management service charges for non-ordinary residential properties and non-residential properties shall be determined by the market, and the specific charging standards shall be determined by the property owners, property users and the property management service companies through consultation based on the content and quality of services provided, or shall be stipulated in the property management agreement.

According to Sichuan Province Property Management Regulations (《四川省物業管理條例》), which came into effect on July 26, 2018, the charging standards for property services shall follow the principles of rationality, fairness, openness and consistency of quality and price, and shall be agreed upon by the parties to the contract. The charging standards for preliminary property services and indemnificatory housing property services shall follow the government guidance price promulgated regularly by the price administrative departments and the real estate administrative departments of the local people's governments at the county level in accordance with the actual conditions of the locality. In the case of the same type of property, the same service content and standard within the same property management area, the same price standard shall be applied to the property management fees.

According to Measures for the Administration of Property Service Charges in Hunan Province (《湖南省物業服務收費管理辦法》), which came into effect on January 3, 2017, in accordance with the nature and characteristics of different properties, government guidance price and market price shall be respectively implemented. Government guidance price shall be adopted for the property service fees of indemnificatory housing, housing-reform houses, old residential quarters and common commercial residential property before the establishment of the general meeting of the property owners; market price shall be adopted for the property service fees of villa, other non-residential property and common commercial residential property after the establishment of the general meeting of the property owners.

According to the Measures on the Charges for Property Management Services of Chongqing (《重慶市物業服務收費管理辦法》) (issued by General Office of Chongqing Municipal People's Government on March 9, 2015 and taking effect on May 1, 2015) as well as Notice of Chongqing Municipal Price Bureau and Chongqing Municipal Bureau of Land and Resources and Housing Administration on Issues Concerning the Implementation of the Administrative Measures of Chongqing Municipality on Property Service Charges (《重慶市物價局、重慶市國土資源和房屋管理局關於貫徹《重慶市物業服務收費管理辦法》有關問題的通知》) (issued on March 23, 2015 and taking effect on May 1, 2015), in the main urban area of Chongqing, where a property service plan is drawn up within the scope specified in the Standards of Chongqing Municipality for the Grade of Residential Property Services (《重慶市住宅物業服務等級標準》), ergo lower than the Service Standards Exceeding the "Residential Property Service Standard of Chongqing Municipality for Residential Property Service Level" (《住宅前期物業服務超過<重慶市住宅物業服務等級標準>的服務標準》), preliminary property management service charges shall be subject to government guidance price. Notice of Chongqing Administration of Land, Resources and Housing and Chongqing Pricing Bureau on fully execution and Implementation of Measures on the Charges for Property Management Services of Chongqing (《重慶市國土房管局、重慶市物價局關於全面貫徹執行<重慶市物業服務收費管理辦法>的通知》) (issued on April 17, 2017 and taking effect on the same day) further updates the aforesaid standards.

According to the Administrative Measures of Zhejiang Province on Property Management Service Charges (Trial) (《浙江省物業服務收費管理實施辦法(試行)》), which was promulgated on March 28, 2005 and came into effect on May 1, 2005, property management service charges shall be subject to government-guided prices and market-based prices based on different categories of the properties, different stages of the property management services, the nature and characteristics of the services provided. Government-guided prices shall be applicable to preliminary property management service charges of ordinary residential properties (excluding high-end residences such as villas); market-based prices shall be applicable to property management service charges of non-residential properties, villas and other high-end residences, and ordinary residential properties after the establishment of a property owners' association.

As agreed between the property owners and property management enterprises, 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 and property management enterprises to enjoy or assume the surplus or deficit. The commission basis refers that property management enterprises 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 agreement, and property owners shall enjoy or assume the surplus or deficit.

Property management enterprises shall expressly mark prices according to the regulations of competent pricing department of the people's government, revealing the service information, standards, charging items and standards to the public at prominent positions within the property management region.

According to the Provisions on Clearly Marking the Prices of Property Services (物業服務收費明碼標價規定) (jointly issued by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004), property management enterprises shall clearly mark the price, state service items and standards and relevant information on services (including property management services under the property management agreement and services entrusted by property owners other than those under the agreement) provided to the owners. If the charging standard changes, property management enterprises shall adjust all relevant information one month before implementing the new standard and indicate the date of implementing the new standard. Property management enterprises 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)) (jointly issued by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007), competent pricing department of people's government formulates or regulates property management charging standards where the government guidance price shall be implemented and implements pricing cost supervision and examination on relevant property management enterprises. Property management pricing cost is determined according to the social average cost of property management services verified by the competent pricing department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organise the implementation of the property management pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

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

(1) Property management services for non-government-supported houses – Property management fees are fees charged by property management service providers for the maintenance, conservation and management of non-government-supported houses, their supporting facilities and equipment and the relevant sites thereof, maintaining

the environment, sanitation, and order within the geographical scope of the managed properties, and other actions entrusted by the property owner in accordance with the property management service contract. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, implement government guidance prices for property management fees charged in relation to government-supported houses, houses under housing reform, older residential communities and preliminary property management services with regard to the actual situation.

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

Since then, local governments have been working on liberalizing the aforesaid prices accordingly. For example, according to Notice of Fujian Provincial Development and Reform Commission and Fujian Provincial Department of Housing and Urban-Rural Development on Issues related to Management of Property Service Fees (《福建省發展和改革委員會、福建省住房和城鄉建設廳關於物業服務收費管理有關問題的通知》), Fujian province removed the government guidance prices of property management services for non-government-supported houses in May 2019. In accordance with the Residential Property Management Regulation of Shanghai (《上海市住宅物業管理規定》), Shanghai loosened the price control on the local property management market by removing the government guidance prices for residential properties in March 2019. According to the Notice of Price Bureau of Zhejiang Province on Publishing the Pricing Catalog of Zhejiang Province (2018) (Zhe Jia Fa [2018] No. 2) (浙江省物價局關於公佈浙江省定價目錄的通告(2018)(浙價法[2018]2號)), which was promulgated on January 5, 2018 and came into effect on March 1, 2018, other than that the preliminary property management charges of ordinary housing in municipal districts to which government guidance prices continue to be applicable, the price control on the preliminary property management charges of ordinary housing in non-municipal districts has been cancelled.

Other Relevant Property Management-Related Laws and Regulations

According to the Regulations on Property Management, “property management” refers to activities such as the repair, maintenance, and management of buildings, connected facilities, and grounds and the preservation of public sanitation and order within the relevant property management area by property owners and property service enterprises according to the stipulations of a property services contract. According to the Measures for Taking over and Inspecting Property (物業承接查驗辦法) (issued by the Ministry of Housing and Urban-Rural Development on October 14, 2010 and came into effect on January 1, 2011), common facilities include wastewater treatment facilities. According to the Law of the People’s Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), it is forbidden to discharge water pollutants by abnormally operating water pollution prevention and control facilities. Any entity in violation of the aforesaid provision shall be ordered to make corrections, and a fine of not less than RMB100,000 but not more than RMB1.0 million shall be imposed.

According to the Pricing Law of the People's Republic of China (《中華人民共和國價格法》), if an enterprise does not implement the government-set prices, the relevant authorities shall order the enterprise to rectify the matter, and may confiscate any illegal gains from such non-compliant action if the enterprise fails to rectify the matter. Also, the relevant authorities may impose a fine of up to five times of the amount of the excess charge resulting from the failure to comply with the abovementioned failure to implement the government-set prices. According to the Electric Power Law of the People's Republic of China (Revised in 2018) (《中華人民共和國電力法》(2018年修訂)), enterprises are prohibited from charging electricity prices at a price that is higher than the government-set prices and, if any enterprises levy surcharges when collecting electricity fees, the relevant authority in charge of price control shall give them a disciplinary warning; order them to return all the excess charges charges and may also impose a fine of not more than five times the amount of the excess charges.

Regulations on Information Security and Privacy Protection

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

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (關於加強網絡信息保護的決定) to enhance the protection of information security and privacy on the Internet. On July 16, 2013, the Ministry of Industry and Information Technology promulgated the Provisions on Protection of Personal Information of Telecommunication and the Internet Users (電信和互聯網用戶個人信息保護規定), which became effective on September 1, 2013, to regulate the collection and use of personal information of users in the provision of telecommunication service and the Internet information service. According to the Several Provisions on Regulating the Market Order of the Internet Information Services (規範互聯網資訊服務市場秩序若干規定), which promulgated by the Ministry of Industry and Information Technology on December 29, 2011, and came into effect on March 15, 2012, without the consent of users, the Internet information service providers shall neither collect information which is relevant to users and can serve to identify users solely or in combination with other information (the "personal information of users") nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations.

On November 28, 2019, the Secretary Bureau of the Cyberspace Administration of China, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR jointly issued the Measures for Determining the Illegal Collection and Use of Personal Information through Apps (App違法違規收集使用個人信息行為認定方法), which aims to provide reference for supervision and administration departments and provide guidance for app operators' self-examination and self-correction and social supervision by netizens, and further elaborates the forms of behavior constituting illegal collection and use of the personal information through apps including: (i) failing to publish the rules on the collection and use of personal information; (ii) failing to explicitly explain the purposes, methods and scope of the collection and use of personal information; (iii) collecting and using personal information without the users' consent; (iv) collecting personal information unrelated to the services it provides and beyond necessary principle; (v) providing personal information to others without the users' consent; and (vi) failing to provide the function of deleting or correcting the personal information according to the laws or failing to publish information such as ways of filing complaints and reports.

LEGAL SUPERVISION OVER OTHER MAIN BUSINESSES OF THE COMPANY

Supervision over Real Estate Brokerage Business

According to the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法) (No. 29 Order of the President of the PRC) (issued by the Standing Committee of the National People's Congress on July 5, 1994, came into effect on January 1, 1995 and revised on August 30, 2007, August 27, 2009, latest 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 organisation; (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) (No. 8 Order of the MOHURD, NDRC and Ministry of Human Resources and Social Security) (issued by the MOHURD, NDRC and Ministry of Human Resources and Social Security on January 20, 2011, came into effect on April 1, 2011 and revised on March 1, 2016), real estate brokerage refers to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient number of real estate agents shall be equipped to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the competent housing and urban-rural development (real estate) authority for handling the filing formalities within 30 days from the date of receiving business licences.

LEGAL SUPERVISIONS OVER LABOR PROTECTION IN THE PRC

According to Labour Law of the PRC (中華人民共和國勞動法), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and was amended on August 27, 2009 and December 29, 2018, employers shall develop and improve their rules and regulations in accordance with the law to ensure that workers enjoy their labor rights and perform their labor obligations. Employers shall develop and improve the system of labor safety and sanitation, strictly implement the national protocols and procedures on labor safety, guard against labor safety accidents and reduce occupational hazards. Labor safety and sanitation facilities shall meet the relevant national standards. Employers must provide workers with the necessary labor protection equipment that meets the safety and hygiene conditions stipulated under national regulations by the State, and conduct regular health checks for workers who engage in operations with occupational hazards. Laborers engaged in special operations must have received specialized training and obtained the pertinent qualifications.

According to Labour Contract Law of the PRC (中華人民共和國勞動合同法), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, and the Implementation Regulations on Labour Contract Law of the PRC (中華人民共和國勞動合同法實施條例), which was promulgated and became effective on September 18, 2008, employers and employees shall enter into written labour contracts to establish their employment relationship. The labour contracts shall set forth the terms, duties, remunerations, disciplinary rules of the employment and conditions to terminate the labour contracts. With respect to a circumstance where a labour relationship has already been established but no formal contract has been made, a written labour contracts shall be entered into within one month from the date when the employee begins to work.

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

According to the Social Insurance Law of PRC (中華人民共和國社會保險法), which was promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and became effective on July 1, 2011 and further amended on December 29, 2018, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they still fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their executive staff and other directly responsible persons shall be fined RMB500 to RMB3,000. Also, it has consolidated the legal obligations and liabilities of employers who fail to promptly contribute social insurance contributions in full amount, those employers shall be ordered by the social insurance collection agency to make or supplement contributions within a designated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day of the outstanding contribution amount; where payment is not made within the designated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the outstanding contribution amount.

According to Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which was promulgated and became effective on April 3, 1999, and was amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative centre of housing fund and then, upon the verification by such administrative centre of housing provident fund, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees. The employer shall timely pay up and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration centre. With respect to companies who violate the above regulations and fail to process housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. When an employer breach these regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration centre shall order such it to pay up 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.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark Law

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

Copyright Law

The Copyright Law of the PRC (中華人民共和國著作權法), issued by the SCNPC on September 7, 1990, came into effect on June 1, 1991 and recently revised on November 11, 2020 (the revised version will become effective on June 1, 2021), provides that all Chinese citizens, legal persons and organizations without legal personality enjoy copyright over their works, no matter published or not. Works shall refer to any original intellectual achievements in the fields of literature, art and science that can be expressed in a certain form, including computer software. Copyright holders may enjoy multiple rights, which include the right of publication, the right of authorship and the right of reproduction.

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

Provisions of the Supreme People's Court on Certain Issues Concerning the Application of Law in the Trail of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定) came into effect on January 1, 2013 and recently revised on December 29, 2020, provides that web users or web service providers who, through information networks, provide works, performances, or audio-video products in which the right holders enjoy the transmission right of information network without due authorization, they shall be deemed to have infringed upon the transmission right of information network by the people's court.

Domain Name

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

LEGAL REGULATIONS OVER TAX IN THE PRC

Income Tax

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

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

According to the Arrangements between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (issued by State Administration of Taxation on August 21, 2006 and became effective on December 8, 2006), a company incorporated in Hong Kong will be subject to withholding a 25% interest or more in a PRC company, its dividend obtained from the company incorporated in the PRC shall be taxed with a lower tax rate of 5% as the withholding tax. According to the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties(國家稅務總局關於稅收協定中"受益所有人"有關問題的公告), which was issued by State Administration of Taxation on February 3, 2018 and came into effect on April 1, 2018, a beneficial ownership analysis will be used based on a substance-over form principle to determine whether or not to grant tax treaty benefits.

According to the Announcement on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (issued by State Administration of Taxation on February 3, 2015 came into effect on the same day, and revised on December 1, 2017 and December 29, 2017), where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the enterprise income tax payment obligation by making an arrangement with no reasonable business purpose, such indirect transfer shall be redefined and recognized as a direct transfer in accordance with the provisions of the Enterprise Income Tax Law. Where the enterprise income tax on the income from the indirect transfer of real estate or equities shall be paid in accordance with the provisions of this Announcement, the entity or individual that directly assumes the obligation to make relevant payments to the transferor according to the provisions of the relevant laws or as agreed upon in the contract shall be the withholding agent. If the equity transferor fails to declare and pay tax payable of indirectly transferred taxable property income in the PRC on time and in full amount, and the withholding agent fails to withhold the tax, in addition to recovering the tax payable, the equity transferor should be charged with interest on a daily basis according to the provisions of the Regulations on the Implementation of the Enterprise Income Tax Law.

Value-added Tax

According to the Temporary Regulations on Value-Added Tax (中華人民共和國增值稅暫行條例) (issued on December 13, 1993 by the State Council, came into effect on January 1, 1994 and amended on November 10, 2008 and February 6, 2016 and November 19, 2017) and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value Added Tax (中華人民共和國增值稅暫行條例實施細則) (issued on December 25, 1993 by the MOF, and became effective on the same day and revised on December 15, 2008 and October 28, 2011) (collectively, the "VAT Law"), taxpayers who engaged in the sale of goods, the provision of processing, repairing and replacement services, leasing service of tangible movable property or import goods within the territory of the PRC must pay value-added tax. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (關於全面推開營業稅改徵增值稅試點的通知) (issued by the MOF and the State Administration of Taxation on March 23, 2016, came into effect on May 1, 2016 and last amended on March 20, 2019), the state started to fully implement the pilot program from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

City Maintenance and Construction Tax and Educational Surcharges

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

According to the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (中華人民共和國城市維護建設稅暫行條例) (issued by the State Council on February 8, 1985, retroactive to January 1, 1985 and revised on January 8, 2011), entities and individuals who pay consumption tax, value-added tax and business tax shall pay city maintenance and construction tax. The payment of city maintenance and construction tax is based on the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and shall be paid at the same time along with the above taxes. If the location of the taxpayer is in city downtown area, the tax rate shall be 7%; if the location of the taxpayer is in a county or town, the tax rate shall be 5%; and the tax rate shall be 1% for taxpayer located out of city downtown area, country or town. Effective from September 1, 2021, the Municipal Maintenance Tax Law of the People's Republic of China (《中華人民共和國城市維護建設稅法》) will supersede the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC.

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

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the PRC Foreign Currency Administration Rules (中華人民共和國外匯管理條例) (promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008), 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), which was promulgated by the People's Bank of China on June 20, 1996 and became effective 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.

Pursuant to Notice of the SAFE on Relevant Issues Relating to Foreign Exchange Control on Offshore Investment, Financing and Round-trip Investments by Domestic Residents through 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), which was promulgated on July 4, 2014 and implemented on the same date, domestic residents establishing or taking control of a special purpose company abroad which makes round-trip investments in the PRC are required to effect foreign exchange registration with the local foreign exchange bureau. Foreign-invested enterprises established through round-tripping investments are prohibited from paying profits overseas, making settlement, transferring shares, making capital reduction, recovering in advance investment and the principal and interest of shareholder loans and other funds (including the use of profits paid overseas in domestic reinvestment, capital increase, etc.) if domestic legal or natural person residents fail to make the offshore investment-related foreign exchange registration as required.

According to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) which was promulgated on February 13, 2015 and became effective on June 1, 2015, the above mentioned registration will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (issued by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same day), the settlement of foreign exchange receipts under the capital account (including but not limited to foreign currency capital and foreign debts) may convert from foreign currency into RMB on self-discretionary basis. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The Notice No 16 reiterates the principle that RMB converted from foreign currency capital may not directly or indirectly used for purpose beyond its business scope and investments in securities with the exception of bank financial products that guarantee the relevant PRC regulations. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The State Administration of Foreign Exchange may adjust the above ratio in due time according to the balance of payment status.

On October 23, 2019, the State Administration of Foreign Exchange promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), which became effective on the same day (except of Article 8.2, which became effective on January 1, 2020). The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

REGULATION RELATING TO M&A RULES AND OVERSEAS LISTING

According to 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) (the "M&A Rule"), which was promulgated on August 8, 2006 and became effective on September 8, 2006, and was later amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic company, domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic company which is affiliated with it/him/her, an approval from the MOFCOM is required.

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), where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Measures, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the Measures. According to the Measures for the Reporting of Foreign Investment Information (外商投資信息報告辦法), which replaced the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises on January 1, 2020, where a non-foreign-invested enterprise was acquired by a foreign-invested enterprise through equity merger, an initial report shall be submitted through the enterprise registration system when filing the modification of the acquired company.

OVERVIEW

Our history can be traced back to 2014, when Mr. Ou acquired the controlling stake of Ronshine Property Management (formerly known as Fuzhou Zhongxin'an Property Management Co., Ltd.) (福州眾鑫安物業管理有限公司), one of our principal operating subsidiaries, from two Independent Third Parties. Mr. Ou acquired 30% equity interest in Ronshine Property Management through a capital injection of RMB1.5 million in 2009, and acquired an additional 22% equity interest in Ronshine Property Management from two Independent Third Parties at a total consideration of RMB660,000 in 2014. Upon completion of such acquisitions, Ronshine Property Management became owned as to 52% by Mr. Ou. Ronshine Property Management has been providing property management services to properties developed by Ronshine China Group since 2006. It secured property management projects from Ronshine China Group back then through public tender and bidding procedures and gradually became familiar with the needs and requirements of Ronshine China Group through cumulative engagements with Ronshine China Group until Mr. Ou secured the majority equity interest in 2014. Ronshine Shiou, one of the principal operating subsidiaries of our Company, was established in 2011 and was then indirectly held as to 50% by Mr. Ou through Fuzhou Shiou Property Development Co., Ltd. (福州世歐房地產開發有限公司) ("**Fuzhou Shiou Property Development**"). In March 2016, Mr. Ou acquired the entire beneficial interests in Ronshine Shiou from Fuzhou Shiou Property Development through Fujian Dingcheng, a company beneficially wholly owned by Mr. Ou. See "—Our Principal Subsidiaries" below in this section for more details of the corporate development of our principal operating subsidiaries.

Ronshine China Group, founded and controlled by Mr. Ou, is a large-scale and comprehensive property developer in China focusing on mid- to high-end properties. Throughout the years, we have maintained stable cooperative relationship with Ronshine China Group and have been providing property management services to projects developed by it as well as its joint ventures and associates. In 2016, we began to provide property management services for projects developed by other property developers which are Independent Third Parties, further establishing our market reputation as a quality property management service provider.

We have established a strong foothold in the Western Straits Region and the Yantze River Delta Region and have been rapidly expanding into the Other Regions in the PRC market. As of December 31, 2020, we had 119 projects under our management, covering 44 cities in the two major regions and Other Regions, with a total GFA under management of approximately 19.9 million sq.m. and a total contracted GFA of approximately 38.2 million sq.m.

While property management service has historically contributed a large portion of our revenue, we have endeavored to diversify our service portfolio to offer balanced services to property developers, residents and property owners. In order to meet the differentiated and evolving needs of our clients, we extended our scope of services to include the provision of a comprehensive range of value-added services, such as sales assistance services, preliminary planning, design consultancy services, Joyful Life Service (和美生活) and Joyful Living Service (和美易居).

KEY MILESTONES

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

Year	Event
2014	Mr. Ou acquired the controlling stake of Ronshine Property Management, one of our principal operating subsidiaries
2016	We began to manage properties developed by independent third-party property developers
	We were ranked 47th among the Top 100 Property Management Companies in 2016 (2016中國物業服務百強企業第47名) by CIA
2017	We expanded our business to Chengdu, Sichuan province, Zhengzhou, Henan province and Tianjin
	We launched the ROYEEDS (融御) brand which focuses on property management services to high-end communities
	We launched our "Ron-intelligent service platform (融智管理平台)", which connects to our mobile applications named "E-asy Living (融e居)" and "E-asy Help (融e幫)"
	We relocated our headquarters from Fuzhou, Fujian province to Shanghai
	We were ranked 36th among the Top 100 Property Management Companies in 2017 (2017中國物業服務百強企業第36名) by CIA
2018	We were ranked 30th among the Top 100 Property Management Companies in 2018 (2018中國物業服務百強企業第30名) by CIA

Year	Event
2019	We were ranked 24th among the Top 100 Property Management Companies in 2019 (2019中國物業服務百強企業第24名) by CIA
	We commenced providing property management services in Hebei province
	We started to offer certain value-added services to non-property owners through brands such as Joyful Life Service (和美生活), Joyful Living Service (和美易居), and Joyful Leasing and Sale Service (和美租售)
2020	We were ranked 20th among the Top 100 Property Management Companies in 2020 (2020中國物業服務百強企業第20名) by CIA
2021	We were ranked 19th among the Top 100 Property Management Companies in 2021 (2021中國物業服務百強企業第19名) by CIA

OUR PRINCIPAL SUBSIDIARIES

The major corporate developments of our subsidiaries which were material to our performance and operations during the Track Record Period are set out below:

Ronshine Shiou

Ronshine Shiou was established in the PRC as a limited liability company on April 29, 2011 with an initial registered capital of RMB5.0 million. As of the date of its establishment, Ronshine Shiou was wholly owned by Fuzhou Shiou Property Development, a company then ultimately held as to 50% by Mr. Ou, our ultimate Controlling Shareholder, and 50% by Mr. Ou's brother. Ronshine Shiou has been principally engaged in the provision of property management services and commenced business since 2011.

On March 28, 2016, Fuzhou Shiou Property Development transferred 60% and 40% equity interest in Ronshine Shiou to Fujian Dingcheng and Fuzhou Zhuochuang Investment Co., Ltd (福州卓創投資有限公司) ("**Fuzhou Zhuochuang**"), an Independent Third Party, respectively. Fuzhou Zhuochuang held 40% interest in Ronshine Shiou on trust for Fujian Dingcheng to avoid being a single shareholder company. The total consideration for the acquisition of Ronshine Shiou was RMB5.0 million, which was determined with reference to the paid-up registered capital of Ronshine Shiou at the time of such transfers. On the same date, the registered capital of Ronshine Shiou was increased to RMB30.0 million through capital injections in the amount of RMB15.0 million by Fujian Dingcheng and RMB10.0 million by Fuzhou Zhuochuang, respectively, which will be fully paid up pursuant to the articles of association of Ronshine Shiou. Upon completion of such transfer and capital increase, Ronshine Shiou was held as to 60% by Fujian Dingcheng and 40% by Fuzhou Zhuochuang on trust for Fujian Dingcheng. Fuzhou Zhuochuang is primarily engaged in real estate investment and is controlled by a friend of Mr. Ou. To the best information and knowledge of our Directors, save as an acquisition of 100% interest in a property development company held by Fuzhou Zhuochuang by Ronshine China Group in 2016, none of Fuzhou Zhuochuang, its controlling shareholder or their respective associates have any past or present relationships (including, without limitation, business, employment, family, trust, financing, fund flow or otherwise) with our Group, our Shareholders, Directors, senior management or any of their associates.

On December 26, 2017, the registered capital of Ronshine Shiou was increased to RMB33,333,300 through capital injection in the amount of RMB39.0 million (including as to RMB3,333,300 into registered capital and as to RMB35,666,700 into capital reserve) by Pingtan Comprehensive Experimental Zone Ronghe Investment Partnership Enterprise (Limited Partnership) (平潭綜合實驗區融合投資合夥企業(有限合夥)) ("**Pingtan Ronghe**"), a limited partnership established for employee incentive purpose. Pingtan Comprehensive Experimental Zone Rongxin Investment Management Co., Ltd (平潭綜合實驗區融鑫投資管理有限公司) ("**Pingtan Rongxin**"), the general partner of Pingtan Ronghe, held 1% interest in Pingtan Ronghe, while Mr. Ma Xianghong (馬祥宏), our executive Director and chief executive officer, was its limited partner and held 99% interest in it. Pingtan Rongxin is owned as to 99% by Mr. Ou Saidiao (歐賽雕), an employee of Ronshine China and an Independent Third Party, and 1% by Mr. Ma Xianghong. The capital injection by Pingtan Ronghe was determined with reference to the valuation of Ronshine Shiou as of November 30, 2017. As a result, Ronshine Shiou became beneficially owned as to (i) 90% by Mr. Ou, including 54% interest held through Fujian Dingcheng and 36% interest held through Fuzhou Zhuochuang under the entrustment arrangements, and (ii) 10% by Pingtan Ronghe, immediately before the Reorganization.

On October 29, 2018, the registered capital of Ronshine Shiou was increased from RMB33,333,300 to RMB50.0 million through capital injections in the amount of RMB9.0 million by Fujian Dingcheng, RMB6.0 million by Fuzhou Zhuochuang and RMB1,666,700 by Pingtan Ronghe, which will be fully paid up pursuant to the articles of association of Ronshine Shiou. Upon completion of such capital increase, the shareholding structure of Ronshine Shiou remained unchanged. As of the Latest Practicable Date, the registered capital of Ronshine Shiou had been paid up as to RMB3.0 million by Fujian Dingcheng and RMB2.0 million by Fuzhou Zhuochuang as directed and financed by Fujian Dingcheng.

As part of our Reorganization, Ronshine Shiou became a wholly-owned subsidiary of Ouxing Tuye. See "Reorganization" for details.

Ronshine Property Management

Ronshine Property Management (formerly known as Fuzhou Zhongxin'an Property Management Co., Ltd. (福州眾鑫安物業管理有限公司)) was established in the PRC as a limited liability company on July 5, 2004 with an initial registered capital of RMB500,000, which was fully paid in cash. As of the date of its establishment, Ronshine Property

Management was owned as to 55% by Mr. Xiao Guomin (肖國民) and 45% by Mr. Chen Baozeng (陳寶增), each an Independent Third Party. Ronshine Property Management has been principally engaged in the provision of property management services and commenced business since 2006.

Subsequent to a series of equity transfers and increases in registered capital, on September 15, 2009, the registered capital of Ronshine Property Management was increased from RMB1.0 million to RMB5.0 million through capital injections in the amount of RMB1.5 million by Mr. Ou, RMB1.39 million by Mr. Chen Baozeng and RMB1.11 million by Mr. Lin Yudan (林玉淡), an Independent Third Party. Upon completion of such capital injections, Ronshine Property Management became owned as to 30% by Mr. Ou, 38% by Mr. Chen Baozeng and 32% by Mr. Lin Yudan.

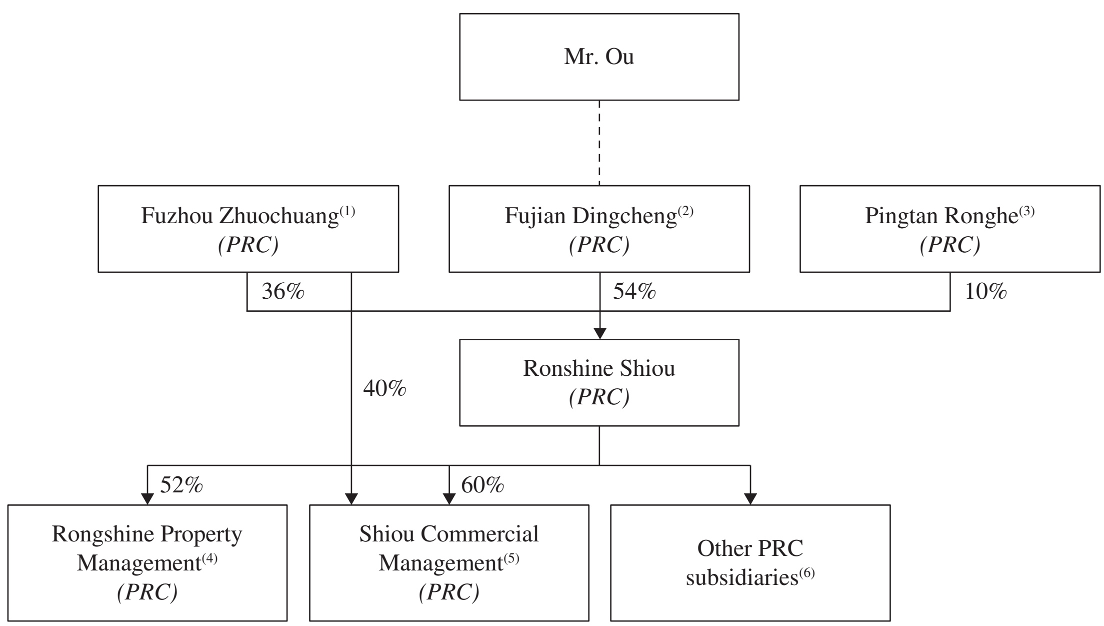
On July 9, 2014, each of Mr. Chen Baozeng and Mr. Lin Yudan transferred their respective 11% equity interest in Ronshine Property Management to Mr. Ou, at a total consideration of RMB660,000. Upon completion of such transfers, Ronshine Property Management became owned as to 52% by Mr. Ou, 27% by Mr. Chen Baozeng and 21% by Mr. Lin Yudan.

On August 20, 2018, Mr. Ou transferred his entire interest in Ronshine Property Management to Ronshine Shiou at a consideration of RMB2.6 million, which was determined with reference to the paid-up registered capital at the time of transfer. Upon completion of such transfer, Ronshine Property Management became owned as to 52% by Ronshine Shiou, 27% by Mr. Chen Baozeng and 21% by Mr. Lin Yudan.

On June 8, 2020, each of Mr. Chen Baozeng and Mr. Lin Yudan transferred their entire interest in Ronshine Property Management to Fujian Nuohai Construction Engineering Co., Ltd (福建諾海建設工程有限公司) ("**Fujian Nuohai**"), an Independent Third Party save for its equity interest in Ronshine Property Management, at a total consideration of RMB12 million. Upon completion of such transfer, Ronshine Property Management became owned as to 52% by Ronshine Shiou and 48% by Fujian Nuohai. Fujian Nuohai was established in October 2019 by an Independent Third Party in the PRC with a registered capital of RMB40 million for the engagement of construction business. As of December 31, 2020, Fujian Nuohai had not had any substantial business operations. For the year ended December 31, 2019 and the ten months ended October 31, 2020, Fujian Nuohai recorded negative net profit. To the best information and knowledge of our Directors, the beneficial owner of Fujian Nuohai is a supplier of Ronshine China Group who is a construction contractor (a limited liability company established in the PRC in March 2008 with a registered capital of RMB316 million) ("**Fujian Nuohai Beneficial Owner**"). Since the legal representative of Fujian Nuohai Beneficial Owner is Mr. Lin Yudan's brother, Fujian Nuohai Beneficial Owner learnt about that Mr. Chen Baozeng and Mr. Lin Yudan had intention to sell and hence expressed its interest in the investment. Although the Group also expressed its interest in acquiring the 48% in Ronshine Property Management, due to the disagreement on key commercial terms, our Group failed to acquire the remaining 48% equity interest from Mr. Chen Baozeng and Mr. Lin Yudan. To the best information and knowledge of our Directors, Fujian Nuohai Beneficial Owner offered certain wall repair and refurbishment works to our Group in 2017 and offered construction services to Ronshine China Group during the Track Record Period. Further, each of the Fujian Nuohai Beneficial Owner and the corporate registered shareholder of Fujian Nuohai provided a loan of RMB405 million and RMB100 million for a term of five years with annual interest rate of 7.95% and 7.80% respectively to a company controlled by Mr. Ou in 2016, both of which have been repaid as of the Latest Practicable Date. To the best information and knowledge of our Directors, save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, none of Fujian Nuohai, its ultimate beneficial owners or any of their respective associates, has any past or present relationships (including, without limitation, business, employment, family, trust, financing, fund flow or otherwise), with our Group, our Shareholders, Directors, senior management or any of their associates.

REORGANIZATION

The following diagram illustrates our shareholding structure before the Reorganization:



Notes:

1. Fuzhou Zhuochuang is an Independent Third Party which held such interest on trust for Fujian Dingcheng.

2. Fujian Dingcheng was beneficially wholly owned by Mr. Ou through entrustment arrangements among Mr. Ou and certain individuals, who were employees of Ronshine China at the relevant time and held the relevant equity interests in Ronshine Shiou or in the shareholders of Ronshine Shiou. To the best information and knowledge of our Directors, save as disclosed in this Prospectus and their respective past or current employment and/or positions in Ronshine China Group, Ouxing Tuye and Ouxing Mingtu (where applicable), none of these nominees or their respective associates have any past or present relationships (including, without limitation, business, employment, family, trust, financing, fund flow or otherwise) with our Group, our Shareholders, Directors, senior management or any of their associates. The entrustment arrangements were put in place for administrative convenience purpose in respect of dealing with regular filing or registration with local regulatory authorities in different cities in Fujian province and Shanghai.

3. Pingtan Ronghe is an employee incentive platform owned as to 1% by Pingtan Rongxin, its general partner, and 99% by Mr. Ma Xianghong, its limited partner and our executive Director and chief executive officer.

4. The remaining equity interest was then held as to 27% by Mr. Chen Baozeng and 21% by Mr. Lin Yudan, each an Independent Third Party, all of which was transferred to Fujian Nuohai, an Independent Third Party, on June 8, 2020.

5. Fujian Shiou Commercial Management Co., Ltd. (福建世歐商業管理有限公司) ("**Shiou Commercial Management**"), was owned as to 60% by Ronshine Shiou and 40% by Fuzhou Zhuochuang, which held such interest on trust for Fujian Dingcheng.

6. Our subsidiaries are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

In preparation for the Listing, the following steps were implemented to establish our Group:

1. Incorporation of our Company

On April 14, 2020, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorized share capital of our Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, one Share was allotted and issued to the initial subscriber, an Independent Third Party. On the same date, such Share was transferred to Rongxin Yipin, following which 79 and 20 Shares were allotted and issued to Rongxin Yipin and Fumei International, respectively. Upon completion of such Share transfer, allotment and issue, our Company became owned as to 80% by Rongxin Yipin and 20% by Fumei International. Each of Fumei International and Rongxin Yipin was wholly owned by Rongyue Century Co., Ltd (融悅世紀有限公司) ("**Rongyue Century**"), which was in turn wholly owned by Mr. Ou.

2. Incorporation of offshore holding companies

Euclidean Service was incorporated in the BVI with limited liability on April 16, 2020. 10 ordinary shares of Euclidean Service were allotted and issued to our Company on the same date. Upon completion of such allotment and issue, Euclidean Service became directly wholly owned by our Company.

Acme Rongxiang was incorporated in Hong Kong with a limited liability on May 20, 2020. On the same date, 100 share of Acme Rongxiang were allotted and issued to Euclidean Service at a subscription price of HK$100. Upon completion of such allotment and issue, Acme Rongxiang became directly wholly owned by Euclidean Service.

3. Establishment of the Family Trust

The Family Trust was established on August 18, 2020, by Mr. Ou, the ultimate Controlling Shareholder of our Company, as the settlor and protector, with HSBC International Trustee Limited acting as the trustee (the "**Trustee**").

On August 19, 2020, Rongyue Century transferred all the issued shares it held in Fumei International and Rongxin Yipin to Rongan Juxiang, a special purpose holding vehicle incorporated in the BVI with limited liability and wholly owned by the Trustee for the administration of the Family Trust. The Family Trust is a discretionary and irrevocable trust.

4. Reorganization of Ronshine Shiou

On May 25, 2020, Pingtan Ronghe transferred its 10% equity interest in Ronshine Shiou to Fujian Dingcheng at a consideration of RMB8.5 million, which was determined after arm's length negotiations with reference to the valuation of Ronshine Shiou as of May 20, 2020 as appraised by an independent valuer and the outstanding capital contribution commitment of Pingtan Ronghe of RMB39.0 million.

For the purpose of preparation of the Listing and terminating the entrustment arrangements, at the instruction and direction of Mr. Ou, Fuzhou Zhuochuang transferred its 36% equity interest in Ronshine Shiou to Fujian Dingcheng, and Fuzhou Zhuochuang transferred its 40% equity interest in Shiou Commercial Management to Ronshine Shiou in May 2020.

Upon completion of above transfers, the entrustment arrangements among Fujian Dingcheng, Fuzhou Zhuochuang and Mr. Ou were terminated accordingly. Shiou Commercial Management became directly wholly owned by Ronshine Shiou, and Ronshine Shiou became directly wholly owned by Fujian Dingcheng.

On July 22, 2020, at the instruction and direction of Mr. Ou, Fujian Dingcheng transferred its entire equity interest in Ronshine Shiou to Ouxing Tuye, a company owned as to 1% by Mr. Ou and 99% by Shanghai Ouxing Mingtu Enterprise Development Co., Ltd (上海歐興明途企業發展有限公司) ("**Ouxing Mingtu**"), a company wholly owned by Mr. Ou at the time of such transfer, at a consideration of RMB88 million. Upon completion of such transfer, Fujian Dingcheng ceased to hold any equity interest in Ronshine Shiou, and Ronshine Shiou became wholly owned by Ouxing Tuye.

5. Incorporation of Fujian Rongdian and acquisition of Ouxing Tuye

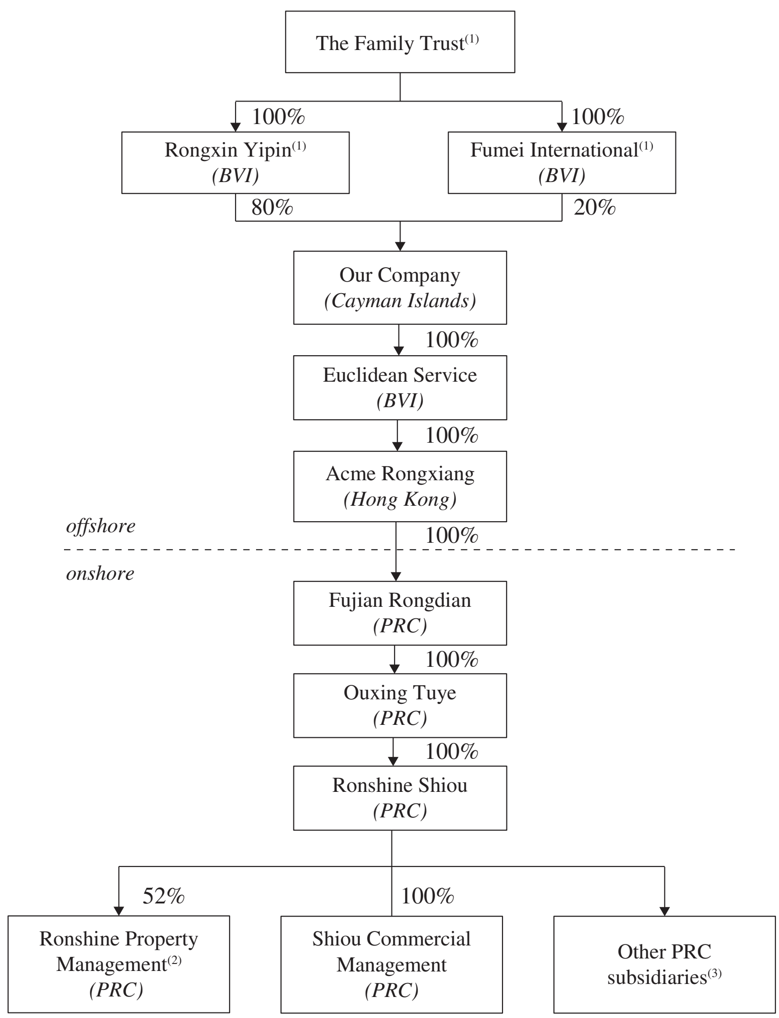
On August 18, 2020, Fujian Rongdian Enterprise Management Consulting Co., Ltd. (福建融點企業管理諮詢有限公司) ("**Fujian Rongdian**") was established in the PRC as a wholly foreign-owned enterprise with an initial registered capital of RMB2 million. Since the date of its establishment, Fujian Rongdian has been wholly owned by Acme Rongxiang.

On October 9, 2020, Fujian Rongdian acquired the entire equity interest in Ouxing Tuye from Ouxing Mingtu and Mr. Ou, respectively, at a total consideration of RMB88 million, which was determined with reference to the valuation of Ouxing Tuye as of September 24, 2020 as appraised by an independent valuer. Such consideration was fully settled on October 13, 2020. Upon completion of such transfer, Ouxing Tuye became directly wholly owned by Fujian Rongdian.

Our PRC Legal Advisors have confirmed that all applicable regulatory approvals in relation to the equity transfers in respect of the PRC companies in our Group as described above have been obtained, the equity transfers have been legally completed in accordance with the relevant equity transfer agreements, and the procedures involved have been carried out in accordance with applicable PRC laws and regulations.

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

The following chart sets forth a simplified corporate structure of our Group after the Reorganization but before the completion of the Capitalization Issue and the Global offering:



Notes:

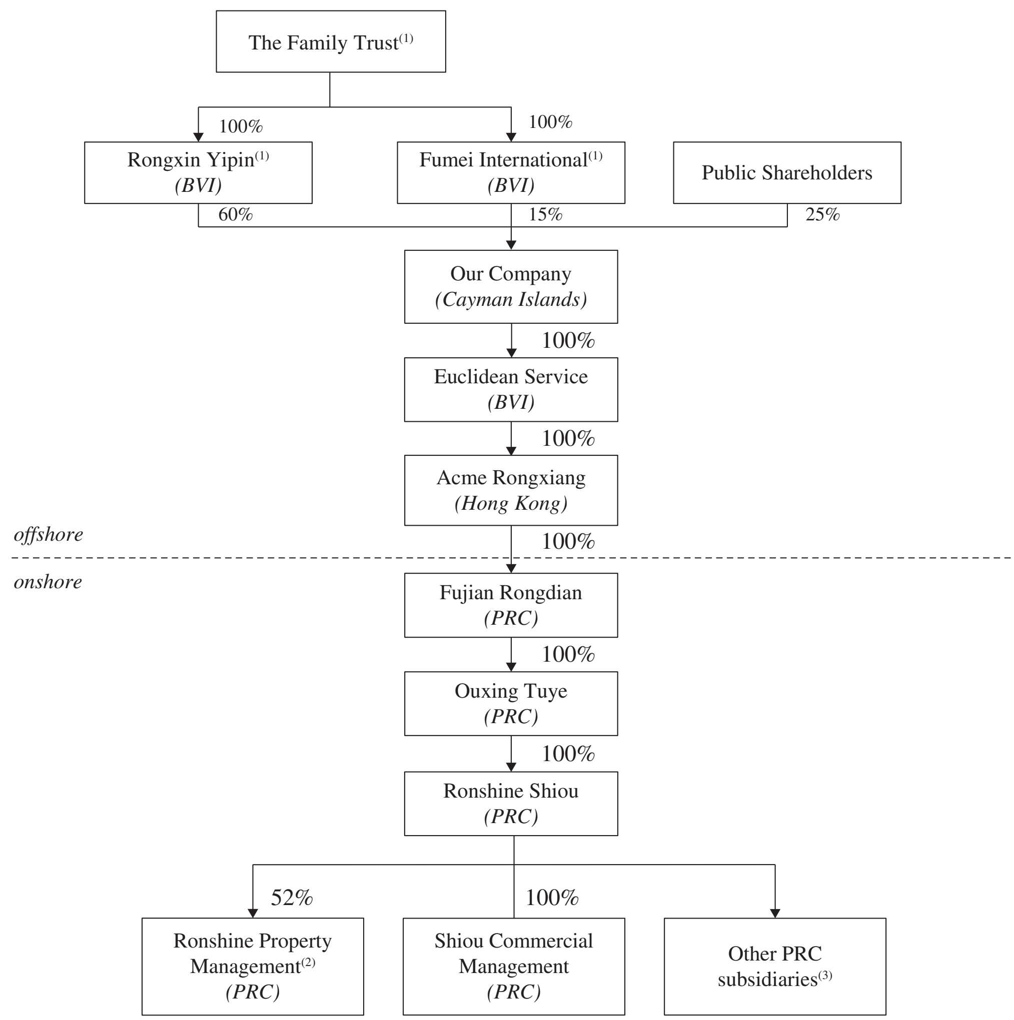
1. Each of Rongxin Yipin and Fumei International is wholly owned by Rongan Juxiang, the special purpose holding vehicle of the Family Trust, which in turn is wholly owned by HSBC International Trustee Limited, the trustee of the Family Trust. The Family Trust is a discretionary and irrevocable trust set up by Mr. Ou as the settlor and the protector.

2. The remaining 48% equity interest is held by Fujian Nuohai, an Independent Third Party save for its interest in Ronshine Property Management.

3. Our subsidiaries are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

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

The following chart sets forth a simplified corporate structure of our Group upon completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option):



Note: See "—Corporate Structure after the Reorganization and Immediately before the Completion of the Capitalization Issue and the Global Offering" above in this section for more details.

PRC REGULATORY REQUIREMENTS

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

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

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the "**Foreign Investment Information Measures**"), since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities. As advised by our PRC Legal Advisors, the required reporting procedure in relation to the acquisition of the entire equity interest by Fujian Rongdian in Ronshine Shiou (the "**Acquisition**") was completed and the new business license was obtained in October 2020.

With respect to the Acquisition, we have consulted with the heads of Foreign Investment Management Division of the Department of Commerce Shanghai (上海市商務委員會外國投資管理處) (the "**Shanghai MOFCOM**"). Having disclosed all the relevant facts relating to the incorporation of the offshore special purpose vehicles and the Reorganization, including the Family Trust arrangements, Shanghai MOFCOM has confirmed that the Acquisition does not fall under any of the circumstances under the M&A Rules.

SAFE Registration in the PRC

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

As advised by our PRC Legal Advisors, Mr. Ou has completed the registration in accordance with the SAFE Circular No. 37.

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

OVERVIEW

We are a comprehensive and fast-growing property management services provider in China, offering diversified property management services for both residential and non-residential properties. According to CIA, we were ranked 19th, 20th and 24th among the Top 100 Property Management Companies in the PRC in terms of overall strength(1) in 2021, 2020 and 2019 (2021中國物業服務百強企業第19名，2020中國物業服務百強企業第20名和2019中國物業服務百強企業第24名), respectively. According to CIA, we were one of the top 10 companies among the Top 100 Property Management Companies in the PRC in terms of growth (中國物業服務百強企業成長性10強) in 2019, and one of the leading companies among the Top 100 Property Management Companies in the PRC in terms of growth (中國物業服務百強成長性領先企業) in 2020. In 2021, we were recognized as one of the leading companies in terms of service quality among the Top 100 Property Management Companies in the PRC (2021中國物業服務百強服務質量領先企業), one of the leading property management companies in the PRC in terms of marketalisation of business (2021中國物業管理行業市場化運營領先企業) and one of the leading property management companies in providing high-end property management services in the PRC (2021中國高端物業服務領先企業) by CIA.

We have been providing property management services since 2014 and our extensive industry experience and quality services differentiate us from many of our competitors. We have established a strong foothold in the Western Straits Region and the Yangtze River Delta Region and have been rapidly expanding to Other Regions in the PRC market. As of December 31, 2020, we had 119 projects under our management and 91 projects we were contracted to manage but not yet delivered to us, covering 44 cities in the two major regions and Other Regions, with a total GFA under management of approximately 19.9 million sq.m. and a total contracted GFA of approximately 38.2 million sq.m. Among the 119 property management service projects under our management across China as of December 31, 2020, 69

Note:

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

were located in the Western Straits Region, 32 located in the Yangtze River Delta Region and the remaining 18 located in the Other Regions, representing approximately 63.5%, 22.8% and 13.7% of our GFA under management as of the same date, respectively.

We provide diversified property management services for both residential and non-residential properties through our three main business lines, namely, property management services, value-added services to non-property owners and community value-added services. We have established a long-term cooperative relationship with Ronshine China Group and provided services to projects developed by Ronshine China Group during the Track Record Period. We also began to provide property management services to projects developed by independent third-party property developers in 2016. We aim to cover the entire value chain of property management through our three business lines, which mainly include the following:

- *Property management services.* We provide a wide range of property management services to property developers, owners and residents. Our property management services primarily consist of cleaning, security, greening, car park management, and repair and maintenance services. Our portfolio of managed properties comprises residential properties and non-residential properties, which primarily include government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks.

- *Value-added services to non-property owners*. We provide a series of value-added services to non-property owners, which primarily include (i) sales assistance services and (ii) preliminary planning, design consultancy and pre-delivery services to non-property owners, and (iii) driving and vehicle dispatching and managing services.

- *Community value-added services*. We provide a wide range of community value-added services to property owners and residents. Our community value-added services primarily consist of (i) community shopping services ("Joyful Life Service" (和美生活)); (ii) decoration and furnishing services and home maintenance services ("Joyful Living Service" (和美易居)); (iii) property agency services ("Joyful Leasing and Sale Service" (和美租售)); and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas.

As a result of our strong market position, reputable brand name, extensive project portfolio and quality services, our business grew steadily during the Track Record Period. Our revenue increased from RMB413.6 million for 2018 to RMB518.4 million for 2019, and further increased to RMB750.4 million for 2020, representing a CAGR of approximately 34.7% from 2018 to 2020. Our net profit increased significantly from RMB33.8 million for 2018 to RMB71.5 million for 2019, and further increased to RMB85.1 million for 2020, representing a CAGR of 58.7% from 2018 to 2020.

COMPETITIVE STRENGTHS

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

A Comprehensive and Fast-growing Property Management Company Established in the Western Straits Region and Yangtze River Delta Region, and Rapidly Expanding to Other Economically Developed Regions in the PRC

We are a comprehensive property management service provider in the PRC with a strong market position in the Western Straits Region, particularly Fuzhou, and the Yangtze River Delta Region, particularly Hangzhou, and rapidly expanding our geographic coverage to other economically developed regions in the PRC. Our project portfolio grew from covering 24 cities in the PRC as of December 31, 2018 to 40 cities in the PRC as of December 31, 2019, and further to 44 cities as of December 31, 2020.

We have been providing property management services since 2014 and experienced substantial growth in our total contracted projects and projects under management for property management services during the Track Record Period. Our total number of contracted projects increased from 123 as of December 31, 2018 to 210 as of December 31, 2020, representing a CAGR of 30.7%. Our total number of projects under management increased from 56 as of December 31, 2018 to 119 as of December 31, 2020, representing a CAGR of 45.8%. As of December 31, 2018, 2019 and 2020, our total GFA under management was approximately 10.6 million sq.m., 15.9 million sq.m. and 19.9 million sq.m., respectively. As of December 31, 2020, we had a total of 210 contracted projects, with a contracted GFA of approximately 38.2 million sq.m., and a total of 119 projects under management, accounting for approximately 19.9 million sq.m. of GFA under management.

We are established in terms of business operations in the Western Straits Region and the Yangtze River Delta Region during the Track Record Period. As of December 31, 2020, our GFA under management for property management services amounted to approximately 12.7 million sq.m. in the Western Straits Region and approximately 4.5 million sq.m. in the Yangtze River Delta Region, accounting for approximately 63.5% and 22.8%, respectively, of our total GFA under management for property management services as of the same date. According to CIA, the Yangtze River Delta Region is among the regions in the PRC with high economic growth and high per capita income, and properties located in such economically developed regions generally are able to charge higher property management fee as compared to the average property management fee for the national market. According to CIA, the urbanization rate and per capita disposable income in the Yangtze River Delta Region reached 71.1% and RMB45,551 per annum in 2019, respectively, and the average residential property management fee in the Yangtze River Delta Region was RMB2.3 per sq.m. per month for the Top 100 Property Management Companies, which was higher than the average residential property management fee for the Top 100 Property Management Companies in the PRC market, which was approximately RMB2.1 per sq.m per month for the same year. For the year ended December 31, 2019, the average property management fee we charged for residential properties in the Yangtze River Delta Region was approximately RMB3.2 per sq.m. per month. According to CIA, we were ranked third in terms of net profit ratio and fourth in terms of year-on-year growth rate of net profit among the Top 100 Property Management Companies with its largest total GFA under management in the Western Straits Region in 2019. In addition to the Western Straits Region and the Yangtze River Delta Region, we also expanded our business operations to Other Regions, which include Tianjin, Chengdu, Zhengzhou, Guangzhou and other economically developed cities in the PRC.

Our strong market position and fast expansion rate are also evidenced by numerous industry accolades that we received over the years. According to CIA, in 2021 and 2020, we were ranked 19th and 20th among the Top 100 Property Management Companies in the PRC in terms of overall strength[1] (2021中國物業服務百強企業第19名和2020中國物業服務百強企業第20名), respectively. Our rapid expansion and growth potential among property management companies in China have been evidenced by the recognition of we as one of the top 10 among the Top 100 Property Management Companies in the PRC in terms of growth (中國物業服務百強企業成長性10強) in 2019 and one of the leading companies among the Top 100 Property Management Companies in terms of growth (中國物業服務百強成長性領先企業) in 2020, according to CIA. We were also recognized as one of the leading property management companies in the PRC in terms of marketization of business (2021中國物業管理行業市場化運營領先企業) and one of the leading companies among the Top 100 Property Management Companies in the PRC in terms of service quality (中國物業服務百強服務質量領先企業) by CIA in 2021. We have accumulated a number of awards and recognitions in the national and local property management markets. See "—Awards and Recognitions" in this section for more details.

Leveraging our strong market position and geographical expansion during the Track Record Period and seizing industry opportunities, we have been able to achieve considerable growth in terms of total revenue, which grew at a CAGR of approximately 34.7% from RMB413.6 million for 2018 to RMB750.4 million for 2020, and our net profit grew at a CAGR of approximately 58.7% from RMB33.8 million for 2018 to RMB85.1 million for 2020, both of which were higher than the average CAGR of the Top 100 Property Management Companies for total revenue and net profit, which were, according to CIA, 15.1% and 20.3%, respectively, during the same years.

We believe that our market position, business scale and industry experiences will continue to help us to capture future business opportunities in the property management industry in the PRC.

Note:

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

Diversified Revenue Streams Generating Income from a Wide Variety of Property Types and Customers and Differentiated Value-added Services

We have endeavored to solidify our competitiveness in the management of residential properties that include mid-to high-end apartments, townhouses and stand-alone houses, and various non-residential properties, which include government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks. As of December 31, 2020, we provided property management services to 77 residential projects and 42 non-residential projects. As of December 31, 2020, the GFA under management in relation to non-residential properties accounted for 38.9% of our total GFA under management for property management services. For the years ended December 31, 2018, 2019 and 2020, our revenue generated from non-residential properties amounted to RMB107.1 million, RMB135.5 million and RMB164.9 million, respectively, representing 45.3%, 47.5% and 44.9% of our total revenue generated from property management services for the same years. We believe that our comprehensive coverage of different types of properties serves as a strong basis for us to further diversify our revenue streams and expand our business coverage in the PRC market.

In addition to the traditional property management services, we developed and offered a wide variety of value-added services, including value-added services to non-property owners and community value-added services to property owners and residents. Our value-added services to non-property owners primarily include (i) sales assistance services, (ii) preliminary planning, design consultancy and pre-delivery services, and (iii) driving and vehicle dispatching and managing services. During the Track Record Period, we were able to increase the revenue generated from preliminary planning, design consultancy and pre-delivery services significantly from RMB28.6 million for 2018 to RMB51.5 million for 2019, and further to RMB112.1 million for 2020. We also expanded our services to include driving and vehicle dispatching and managing services since 2016. Under such services, we provided drivers and vehicle management services to Customer A according to relevant agreements. We were able to increase the revenue generated from driving and vehicle dispatching and managing services by approximately 59.6% from RMB32.2 million for 2018 to RMB51.4 million for 2019, and further increase by 9.3% to RMB56.2 million for 2020. According to CIA, we were also ranked second among the Top 100 Property Management Companies that have its largest GFA under management in the Western Straits Region in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue based on the relevant operating data for 2020, and ranked fourth among the Top 100 Property Management Companies headquartered in the Yangtze River Delta Region in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue based on the relevant operating data for 2020.

Our community value-added services mainly include (i) Joyful Life Service (和美生活), under which we provide community shopping services; (ii) Joyful Living Service (和美易居), under which we provide decoration and furnishing services and home maintenance services; (iii) Joyful Leasing and Sale Service (和美租售), under which we provide property agency services; and (iv) other services which relate to ancillary services for common areas in communities, which primarily include advertising in and rental of common areas. Our revenue generated from community value-added services increased significantly by approximately 94.6% from RMB4.3 million for 2018 to RMB8.4 million for 2019, and further increased by 77.8% to RMB14.9 million for 2020. We believe our community value-added services cater towards our customers' different needs and help build a harmonious ecosphere in the communities we manage, which further enhances our customers' living experiences.

We believe that our extensive property management portfolio, service coverage and prominent market positions for certain services in regional markets will continue to help us to solidify our existing industry position and enhance our financial performance going forward.

Strong Support from Ronshine China Group with a Large Project Portfolio Focusing on Mid- to High-end Properties and Our Ability to Obtain Projects from Independent Third Parties

Ronshine China Group is a large-scale and comprehensive property developer in China, focusing on mid- to high-end properties. Headquartered in Shanghai, Ronshine China Group has expanded its business operations since its inception in 2003 to cover 41 cities in nine national urban agglomerations, such as, among others, the Western Straits, Yangtze River Delta, the Greater Bay Area and Beijing-Tianjin-Hebei Region, according to its interim report of 2020. Ronshine China Group is listed on the main board of The Stock Exchange of Hong Kong (Stock Code: 3301.HK) in 2016 and was included in the MSCI Index and Hang Seng Composite SmallCap Index in the same year, as well as being selected as one of first companies included on the list of securities of the Shenzhen-Hong Kong Stock Connect. According to the Chinese Real Estate Industry Association, Ronshine China Group was ranked 21st among property developers in China, and recognized as one of the Top 10 property developers in China in terms of comprehensive development and one of the Top 10 property developers headquartered in Shanghai in 2020. According to its annual results for the year of 2020, as of December 31, 2020, Ronshine China Group and its joint ventures and associated companies had completed a total of 37 projects or phases of projects with total GFA of approximately 5.2 million sq.m., and had a total of 126 projects or phases of projects under construction with a total planned GFA of approximately 24.6 million sq.m. For the year ended December 31, 2020, Ronshine China Group had a total contracted sales of approximately RMB155.2 billion, representing a growth of approximately 9.8% compared with RMB141.3 billion for the same period in 2019. As of December 31, 2020, Ronshine China Group and its joint ventures and associates had a total land reserve of approximately 28.7 million sq.m. The growing contracted sales and land reserve of Ronshine China Group provide a solid foundation for our further development.

We benefit from our long-standing and stable business cooperation relationship with Ronshine China Group by participating in tenders and winning bids for property management services of projects developed by Ronshine China Group. As of December 31, 2018, 2019 and 2020, our total GFA under management for projects developed by Ronshine China Group was approximately 6.0 million sq.m., 8.5 million sq.m. and 11.0 million sq.m., respectively. We provided property management services for projects developed by Ronshine China Group during the Track Record Period.

Leveraging our successful cooperation with Ronshine China Group and our industry recognition, we are well-positioned to source projects from independent third-party property developers. We are committed to continuously build and maintain a balanced project portfolio involving independent third-party property developers and other customers. Our marketing teams are generally responsible for formulating the tender proposals which include the relevant details on pricing, estimated budgets and property management plans for the relevant project. In the last few years, through continued efforts of our marketing teams, we have been able to further develop and expand our business relationships with existing and new independent third-party property developers and other customers through, among others, deepened market research and employee and customer referrals. In 2019 and 2020, approximately one-fourth of our successful bids for projects with independent third-party property developers were introduced to us through employees referrals, evidencing our brand recognition and employee network. We adopt flexible cooperation approach to independent third-party property developers by entering into strategic cooperation agreements. As of December 31, 2020, we had 38 projects developed by independent third-party developers under our management, representing 31.9% of the total number of projects under our management as of the same date. For the full year ended December 31, 2020, the revenue generated from property management services to projects developed by independent third-party property developers amounted to approximately RMB101.8 million, accounting for approximately 27.7% of our total revenue generated from property management services.

We believe that our long-standing and stable relationship with Ronshine China Group and ability to continue to maintain and grow business coverage with independent third parties will further solidify our market position in the property management industry and bring us stable revenue sources and visible growth in the future.

Quality Service and Excellent Customer Experience to Enhance Customer Satisfaction and Increase Our Brand Value

We are dedicated to provide professional and quality services by adhering to our service philosophy of "working hard to bring satisfaction and affection to our customers" ("用心讓您滿意，努力讓您感動"), and create "quality, cozy and loving" ("有品質、有溫度、有愛") communities that would bring better living experiences to our customers.

To maintain and continuously improve our service quality, we developed our customized service procedures and guidance for our employees to follow on every detail of work settings. We have obtained various certifications, including the ISO 9001:2015 property management service certification, the ISO 14001:2015 environment management system certification, the OHSAS 45001:2018 occupation health and safety management system certification, and the IEC27001:2013 information security and management system certification. See "—Quality Control of Our Property Management Services" in this section for details.

To ensure quality of our services, we have established various procedures and put into place different evaluation and monitoring systems, including but not limited to, engaging independent third parties to conduct customer satisfaction surveys, conducting inspections on employees' services, publishing review results based on the assessment of the employees' performance. Our employees are encouraged to stay reachable to our customers through multiple channels to help resolve customers' requests and/or complaints in a timely manner, including through our service hotline, E-asy Living (融e居) mobile application and e-mails. In addition, we have upgraded our equipment, including the surveillance system, in the communities to promptly alarm the emergencies. We also formulated and implemented a series of standardized procedures to ensure the quality of our services at different locations, which mainly include:

- With respect to handling of customers' requests and complaints, we have designed three main principles, namely, the timeliness principle (及時原則), the good faith principle (誠信原則) and the profession principle (專業原則), which detailed the delivery requirements for our staff and enabled us to maintain a professional attitude throughout the customer communications and consistently enhance customer experiences. See "—Quality Control of Our Property Management Services" for details.

- With respect to the standardized services, we have established a set of service guidance books tailored for each of our major work for both our employees and subcontractors to ensure and maintain the quality of services provided by our employees and subcontractors.

- With respect to the information securities, we have adopted policies regarding the use of and access to office software and Internet in order to avoid any information leakage and therefore to increase information security.

We believe such standardized procedures and requirements help us achieve consistency in our delivery of services across different projects across the PRC. According to Beijing Saiwei Consulting Co., Ltd. (北京賽惟諮詢有限公司), our customer satisfaction rate for property management services provided to residential properties was 84.0% for 2018, 86.0% for 2019 and 83.0% for 2020, exceeding the average customer satisfaction rates for the same services of approximately 71.0%, 73.0% and 74.0%, respectively.

To closely cater the diversified needs from our customers, we introduced the ROYEEDS (融御) brand in 2017, which is aimed to provide tailored services to meet our customers' needs for high-end properties, such as providing crossing guards for children living in the community, personalized delivery service for mails and parcels and designing and setting holiday and seasonal decorations for the community. Together with our Ronshine Service (融信服務) brand, these two service brands enabled us to attract and offer services to a wide spectrum of customers with different requirements which, in turn, maximized our market share and enhanced our brand value.

We have received numerous industry awards in recognition of our quality customer services during the Track Record Period. According to CIA, in 2021, we were recognized as one of the leading property management companies in property management services provided to high-end properties in the PRC (2021中國高端物業服務領先企業), one of the leading companies in terms of service quality among Top 100 Property Management Companies in the PRC (2021中國物業服務百強服務質量領先企業) and one of the leading property management companies in the PRC in terms of marketalisation of business (2021中國物業管理行業市場化運營領先企業). In 2020, according to CIA, we were recognized as one of the leading property management companies in property management services provided to high-end properties in the PRC (2020中國高端物業服務領先企業), one of the leading companies in terms of service quality among Top 100 Property Management Companies in the PRC (2020中國物業服務百強服務質量領先企業) and one of the leading property management companies in the PRC in providing tailored services (2020中國特色物業服務領先企業). We were ranked 26th among property management companies in terms of brand value in 2019 (2019物業服務企業品牌價值26強) jointly by China Property Management Association and Shanghai e-house Real Estate Research Institute China Real Estate Evaluation Center.

We believe that our quality services and excellent customer experiences will further improve our customer satisfaction and enhance our brand value, which will help us maintain existing and gain new customers to increase our profitability.

Wide Application of Intelligent Information Technology Systems Enhancing Operational Efficiency

We strive to apply advanced technologies to enhance efficiency in our operations. Such advanced technologies, include but not limited to cloud computing, mobile Internet, "big data" and Internet of Things, have helped improving our internal and external communications, reducing labor costs and achieving operational efficiency.

We have developed an intelligent information technology platform named Ron-Intelligent service platform (融智管理平台) through which we operate our E-asy Living (融e居) mobile application and E-asy Help (融e幫) mobile application.

- The E-asy Living (融e居) mobile application seamlessly connects our frontline staff to customers raising requests and/or complaints regarding our property management services and allows our frontline staff to quickly respond and send information and/or work orders to the relevant departments for follow-up. The E-asy Living (融e居) mobile application provides information updates regarding our services to the owners and residents living in the communities under our management on a regular basis; and

- The E-asy Help (融e幫) mobile application is an internal application that allows our employees to receive the customer requests transmitted from our Ron-Intelligent service platform for timely handling, and also enables them to gain easy access to our standardized service policies and procedures to help our employees to provide quality services and training courses to help improve their professional knowledge and skills.

E-asy Living Application (Customer End) | E-asy Living Public Access to Registered Users | Ron-Intelligent service platform (PC End) | Mini Mobile Applications (Customer End) | E-asy Help Application (Staff End)

We utilize the Easy Building Automation (EBA) System in our operations to help us monitor the equipment and facilities of properties under our management. This internal software system uses advanced technology to help monitor facilities and equipment such as water and electricity supply and elevators, and can detect malfunctions or irregular functioning of the equipment and raise alerts to our service personnel, as well as generating basic maintenance schedule report to help us better identify issues and keep track of the safety records. See "—Quality Control—Quality Control of Our Property Management Services—Service Software" in this section for more details.

Our information technology systems provide comprehensive and digitalized coverage for various aspects of our operations through data interfaces and intelligent information technologies to improve our service quality, range of offering and reduce our reliance on manual labor. To manage these systems, we implemented detailed software and management procedures to increase data security awareness, prevent unauthorized access to customer information and provide guidelines on handling of sensitive information to facilitate orderly and efficient operations. Benefiting from such systems, we have been able to control our cost of sales during the Track Record Period. Our cost of sales accounted for approximately 72.5%, 67.7% and 71.2%, respectively, of our total revenue for the years ended December 31, 2018, 2019 and 2020. Our cost of sales of the total revenue as a percentage for 2018, 2019 and 2020 was lower than the average of the cost of sales to total revenue as a percentage of the Top 100 Property Management Companies for the same years, according to CIA, which was approximately 76.4%, 76.0% and 75.5%, respectively.

We believe that the comprehensive and intelligent information technology system enables us to optimize the allocation of information and resources, promote simpler, faster and more standardized interactions with our customers and internal departments and staff in different cities and regions and ultimately improve our profitability.

Experienced Senior Management Team and Sound Talent Cultivation System to Support Our Sustainable Growth

We have an experienced senior management team consists of member who have been, on average, working in the property management industries for over 12 years, and each has a proven track record from managing renowned property management companies. Many of our senior management personnel hold a bachelor degree or above, covering a wide range of professions, including, among others, business administration, economics and accounting. Moreover, our senior management team is energetic, open-minded and innovative, and stays abreast of advanced management concepts and technologies, and more engagement of different types of non-residential properties. We believe our management team's extensive industry experiences, dedication to and passions for the property management business have played a crucial role in our past success and will continue to contribute to our future development.

We consider our employees as one of our core competitiveness. We continuously strive to optimize our internal talent cultivation system to attract, retain and cultivate talents. We provide our employees with career development opportunities for advanced managerial or professional leadership roles, depending on their experiences, track record and areas of expertise. We also provide our employees with systematic and extensive training programs which cover key areas in our business operations. For example, we have established multi-layered leadership training programs named the "Five-Tier RonTalent Training Program" (五級融才培養體系) and an internal program named RonTalent Management College (融才管理學院). Our RonTalent Management College includes four different training programs for employees in different roles and at different levels of their career development, including orientation training system, regular training system, career development training system and professional qualification training system. See "—Employees—Training" in this section for further details.

In addition, we set a comprehensive and detailed performance assessment process to facilitate more accurate evaluation of employee performance and boost productivity through granting of bonus and/or other incentives. We evaluate our employees from mainly four aspects, consisting of operational management, customer relationship, internal control management and learning progress. Our internal talent cultivation system has helped build a cohesive corporate culture, which will not only attract talents but also help retain key employees for our business expansion. See "—Employees" in this section for further details.

We believe that the extensive industry experiences and technical expertise of our senior management team, combined with our comprehensive talent cultivation system, will contribute to our future sustainable development.

BUSINESS STRATEGIES

Diversify Our Project Portfolio and Expand Our Business Coverage by Pursuing Strategic Investments and Acquisitions

We believe that the PRC property management industry is fragmented and there are suitable investment and acquisition opportunities in the market to help us further diversify our project portfolio and expand our business coverage. We plan to further solidify our market positions in the Western Straits Region and Yangtze River Delta Region and continue to expand into Other Regions, particularly the Greater Bay Area and midwestern region in China. In terms of organic growth, we plan to not only grow by leveraging our stable relationship with Ronshine China Group to expand our property management services, but also through enhancement of our traditional property management services and diversification of value-added services to independent third parties. See "—Business Strategies—Continue to implement our "1+N" strategy, expand our value-added services and offer tailored services to further diversify our revenue streams" for more details. In terms of acquisition of other property management companies, we intend to evaluate and target companies that generally meet the following criteria: (i) annual revenue of not less than RMB30.0 million; (ii) an average net profit margin ranging from 6.0% to 15.0% for the target's most recent financial year; (iii) a total GFA under management of over 2.0 million sq.m.; (iv) being a property management company that is primarily managing residential properties and/or managing relevant types of non-residential properties that we consider to be complementary to our current project portfolio; (v) no material claims, disputes or issues regarding its shareholding structure and/or business operations; and (vi) being a property management company operating in regions with relatively high economic growth such as the Yangtze River Delta Region and the Western Straits Region, and companies operating in Other Regions, in particular, the Greater Bay Area and the midwestern region in China. According to the CIA, of the Top 100 Property Management Companies for 2020 there were approximately 10 property management companies in the Western Straits Region, approximately 46 property management companies in the Yangtze River Delta Region and 53 property management companies in the midwestern region of China that meet the criteria set forth above.

In addition to acquisitions, we also plan to establish extensive strategic cooperation with independent third-party property developers, primarily through setting up joint ventures to contract for new property management service agreements. We expect independent third-party property developers to have brand recognition and market share and to further enhance our competitiveness in the property management industry.

We plan to use 60.0% of the proceeds from the Global Offering for future strategic investments and acquisitions. See "Future Plans and Use of Proceeds" in this prospectus for more details.

Continue to Implement Our "1+N" Strategy, Expand Our Value-added Services and Offer Tailored Services to Further Diversify Our Revenue Streams

We plan to continue to provide our value-added services through our "1+N" strategy, where the "1" represents the traditional property management service, and the "N" represents both value-added services to non-property owners and community value-added services. We believe that our "1+N" strategy will help us to enhance our traditional property management services, particularly with respect such services to non-residential properties, and further diversify value-added services to both residential properties and a wide range of non-residential properties to expand our cooperation with independent third parties in order to increase our market share overall in a balanced manner. More specifically, we plan to further optimize and develop our driving and vehicle dispatching and managing services. Our various value-added services may expand to include, but are not limited to, travel agency services, moving services, elderly care, community health services, child education and customized services to enterprises and government and public agencies such as bulk purchasing, food catering services, repair and maintenance services for specialized equipment and event organization services for conferences and/or exhibitions, which may be provided in partnership with third parties as we see fit. In particular, leveraging our strengths in the provision of the existing community value-added services, we intend to further develop our (i) decoration and furnishing services, focusing on interior design, furnishing and decoration and building balcony enclosures, (ii) community shopping services, which may include online ordering of more household and other products that cater to the needs of property owners and residents, with fast door-to-door delivery, and opening convenience stores in communities under our management for shopping convenience and mailing services, and/or (iii) home maintenance services to include more advanced service types and property agency services. We aim to establish relevant internal structure and support team to better facilitate tailored services of the facility management, such as the elevator and electrical cabinet maintenance service, as well as obtaining the relevant qualification and processes that may be required for such services. We believe it is vital for us to continue to improve our service quality and offer a wide variety of value-added services that suit our customer's preferences and requirements to support our long-term growth.

We plan to use 11.0% of the proceeds from the Global Offering for further diversifying our project portfolio and value-added services. See "Future Plans and Use of Proceeds" in this prospectus for more details.

Focus on Technology Innovation and Further Upgrade of Our Intelligent Information Technology Systems to Maximize Operational Efficiency and Enhance Customer Experience

We plan to further improve our service quality and operational efficiency by further developing and upgrading our intelligent information technology systems, including but not limited to:

- We plan to upgrade our Ron-Intelligent service platform (融智管理平台) in the next three years or so to deliver a more convenient service experience for our customers and allow more efficient communications among our internal departments and personnel. In addition, the service platform will allow more seamless and precise communications between customers and our internal departments by upgrading into a more user-friendly system. We will continue to upgrade our E-asy Living (融e居) and E-asy Help (融e幫) mobile applications to better support the operations of our community value-added services by adding more variety of services to customers, such as additional home delivery services, home cleaning services and home decoration services.

- We aim to develop and offer more intelligent information technology solutions associated with the data midway platform and Internet of Things midway platform for different services to improve customers' experiences and further improve cost efficiency. Such intelligent information technology solutions may include upgrading of software and functions of our surveillance systems and service equipment, and upgrading and introducing face ID recognition systems, building in intelligent car park systems and conducting automated patrol for the entrances, installing shared charging stations for electric cars at properties under our management.

We believe that such upgrade and development will facilitate a smoother running of our daily operations, reduce labor costs, achieve maximized operational efficiency, and eventually improve our profitability. We plan to use 15.0% of the proceeds from the Global Offering for developing and upgrading hardware and software used in our operations. See "Future Plans and Use of Proceeds" in this prospectus for more details.

Leveraging Our Experience of Managing Mid- to High-end Properties to Further Build Our ROYEEDS (融御) Brand into a Leading Property Management Brand for High-end Properties

Leveraging our experiences from providing property management services to mid- to high-end properties in the PRC market, we intend to further build our ROYEEDS (融御) brand, which is our brand designed for our provision of premium property management services to high-end properties. We will continue to provide tailored services to our customers under this brand and expand this service offering to selective high-end properties under our management. We generally select properties to be under ROYEEDS (融御) brand by taking into consideration of factors, including but not limited to the average property management fee of the project and its surrounding community environment. We have designed a standard of services under ROYEEDS (融御) brand and will continue to improve the service standard to better meet our customers' evolving demands. We plan to offer value-added services under this brand, such as shuttle transfer, sports training and travel planning services, among others, in addition to our premium property management services. We provide property management services to three projects in Shanghai under our ROYEEDS (融御) brand and plan to launch more projects under the brand in first-tier cities in the PRC. We also plan to launch pilot project(s) in second-tier cities as well as other cities in the PRC with relatively high consumer spending power.

We plan to increase the brand recognition of ROYEEDS (融御) by marketing the brand, upgrading the facilities and equipment for projects under ROYEEDS (融御) brand, and recruiting and training talents for premium service offering.

We plan to use 4.0% of the proceeds from the Global Offering for further developing our property management services provided to high-end properties under our ROYEEDS (融御) brand. See "Future Plans and Use of Proceeds" in this prospectus for more details.

Continue to Attract, Train and Retain Professional Talents and Further Enhance Our Internal Talent Training Programs to Support Our Rapid Expansion

We attach great importance to the attraction, training and retention of qualified employees. For talent recruitment, we plan to emphasize the lateral recruitment in the market to attract excellent technical personnel and management roles, who have knowledge and can contribute to the implementation of our business strategies and flourish under our company culture. For talent retention, we plan to offer more diversed promotion opportunities, such as internal election campaign, to further facilitate our employees' career progression and plan to keep outstanding personnel from the acquired companies. We will further improve our incentives schemes by setting up a new bonus plan in recognition of our employee's hard work and outstanding performance. For talent training, we will further enhance and improve our training system, diversify our online and offline training resources and continue to utilize our internal RonTalent Management College (融才管理學院). In order to ensure the effective implementation of the training system, we intend to further tie the learning result with the promotion opportunities.

In addition, we plan to cooperate with professional institutions and industry organizations to carry out professional trainings and team-building outdoor trainings to broaden our employees' horizon, improve our employees' skills and increase team cohesion.

We plan to use 10.0% of the proceeds from the Global Offering for general working capital. See "Future Plans and Use of Proceeds" in this prospectus for more details.

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.

- *Property management services.* We provide a wide range of property management services to property developers, owners and residents. Our property management services primarily consist of cleaning, security, greening, car park management, and repair and maintenance services. Our portfolio of managed properties comprises residential properties and non-residential properties, which primarily include government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks.

- *Value-added services to non-property owners*. We provide a series of value-added services to non-property owners, which primarily include property developers. Our value-added services to non-property owners primarily consist of (i) sales assistance services; (ii) preliminary planning, design consultancy and pre-delivery services; and (iii) driving and vehicle dispatching and managing services, under which we provide drivers and vehicle dispatching and management services to our customers on an on-demand basis according to the terms of relevant agreements.

- *Community value-added services*. We provide a wide range of community value-added services to property owners and residents. Our community value-added services primarily consist of (i) community shopping services ("Joyful Life Service" (和美生活)); (ii) decoration and furnishing services and home maintenance services ("Joyful Living Service" (和美易居)); (iii) property agency services ("Joyful Leasing and Sale Service" (和美租售)); and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas of residential properties under our management.

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

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Property management services	236,597	57.2	285,003	55.0	367,306	48.9
Value-added services to non-property owners	172,752	41.8	225,062	43.4	368,243	49.1
Community value-added services	4,300	1.0	8,367	1.6	14,876	2.0
Total	**413,649**	**100.0**	**518,432**	**100.0**	**750,425**	**100.0**

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

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Ronshine China Group	134,820	32.6	156,735	30.2	268,828	35.8
Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou(1)	14,337	3.5	28,928	5.6	37,155	5.0
Subtotal	149,157	36.1	185,663	35.8	305,983	40.8
Independent Third Parties(2)	264,492	63.9	332,769	64.2	444,442	59.2
Total	**413,649**	**100.0**	**518,432**	**100.0**	**750,425**	**100.0**

Notes:

(1) Refer to (i) joint ventures and associates of Ronshine China Group in which Ronshine China Group did not hold a controlling interest and (ii) companies beneficially owned by Mr. Ou.

(2) Includes (i) property developers other than Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou and (ii) property owners and/or residents.

The table below sets forth a breakdown of our revenue generated from property management services and value-added services to non-property owners for the years indicated, by the type of property developer:

	As of or for the year ended December 31,					
	2018		2019		2020	
	Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Projects developed by Ronshine China Group[(1)]	303,189	74.1	349,384	68.5	502,726	68.3
Jointly Developed Projects[(2)]	17,696	4.3	36,187	7.1	53,145	7.2
Subtotal	320,885	78.4	385,571	75.6	555,871	75.6
Projects developed by independent third-party property developers	88,464	21.6	124,494	24.4	179,678	24.4
Total	**409,349**	**100**	**510,065**	**100**	**735,549**	**100**

Notes:

(1) Refers to projects developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest. In 2018, 2019 and 2020, revenue received from Ronshine China Group as our customer amounted to RMB134.8 million, RMB156.7 million and RMB268.8 million, respectively.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

PROPERTY MANAGEMENT SERVICES

Overview

As of December 31, 2018, 2019 and 2020, our total GFA under management was approximately 10.6 million sq.m., 15.9 million sq.m. and 19.9 million sq.m., respectively. In 2018, 2019 and 2020, the total revenue generated from property management services provided in relation to projects developed by Ronshine China Group and its joint ventures and associates and a company beneficially owned by Mr. Ou amounted to RMB180.6 million, RMB215.3 million and RMB265.6 million, respectively, accounting for 76.3%, 75.6% and 72.3%, respectively, of our total revenue generated from property management services for the same years.

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m. '000	*RMB'000*	%	*sq.m. '000*	*RMB'000*	%	*sq.m. '000*	*RMB'000*	%
Projects developed by Ronshine China Group[(1)]	5,966	176,488	74.6	8,467	206,677	72.6	11,030	249,068	67.8
Jointly Developed Projects[(2)]	391	4,074	1.7	747	8,657	3.0	1,362	16,487	4.5
Subtotal	6,357	180,562	76.3	9,214	215,334	75.6	12,392	265,555	72.3
Projects developed by independent third-party property developers	4,210	56,035	23.7	6,665	69,669	24.4	7,538	101,751	27.7
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

Notes:

(1) Refers to projects developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest.

In 2018, 2019 and 2020, revenue received from Ronshine China Group as our customer amounted to RMB134.8 million, RMB156.7 million and RMB268.8 million, respectively.

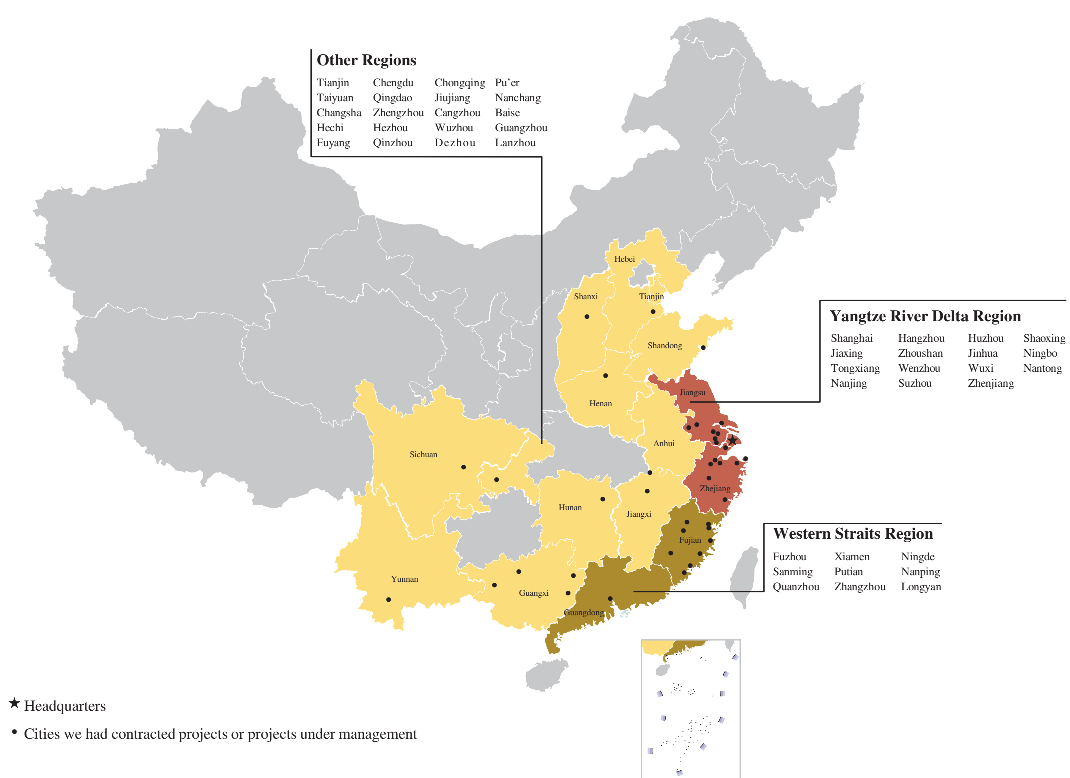
(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

The total GFA under our management for projects developed by independent third-party property developers increased by 59.5% from approximately 4.2 million sq.m. as of December 31, 2018 to approximately 6.7 million sq.m. as of December 31, 2019, and further increased by 11.9% to 7.5 million sq.m. as of December 31, 2020. Our revenue generated from managing projects developed by independent third-party property developers increased by 24.3% from RMB56.0 million in 2018 to RMB69.7 million in 2019, and further increased by 46.0% to RMB101.8 million in 2020.

The total number of projects under our management also increased during the Track Record Period. The total number of projects developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou and managed by us grew from 40 as of December 31, 2018 to 81 as of December 31, 2020; and the total number of projects developed by independent third-party property developers and managed by us increased from 16 as of December 31, 2018 to 38 as of December 31, 2020.

Our Geographical Presence

We started to provide property management services in 2014, and since then, we have expanded our geographic coverage to include a number of cities across the PRC. As of December 31, 2020, the projects under our management and the projects we were contracted to manage but not yet delivered to us encompassed 44 cities in China. The map below illustrates the cities in which we had projects under management and projects that were contracted but undelivered as of December 31, 2020:



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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	%	*sq.m.'000*	*RMB'000*	%	*sq.m.'000*	*RMB'000*	%
Western Straits Region[1]	9,801	219,370	92.7	11,604	238,413	83.7	12,655	254,805	69.4
Yangtze River Delta Region[2]	766	17,227	7.3	2,258	31,941	11.2	4,541	74,604	20.3
Other Regions[3]	–	–	–	2,017	14,649	5.1	2,734	37,897	10.3
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

Notes:

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

(2) Cities in which we provide property management services to projects in the Yangtze River Delta Region include Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Suzhou, Zhenjiang, Nantong and Nanjing.

(3) Cities in which we provide property management services to projects in the Other Regions include Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou.

As of December 31, 2020, our total contracted GFA of undelivered projects was approximately 18.3 million sq.m., for which we have not begun collecting property management fees.

The table below sets forth the expiration schedule of our property management service agreements for projects under our management and contracted but undelivered projects as of December 31, 2020:

	Projects under management				**Contracted but undelivered projects**			
	GFA		**Number of agreements**		**GFA**		**Number of agreements**	
	sq.m. '000	*%*	*Number*	*%*	*sq.m. '000*	*%*	*Number*	*%*
Property management service agreements without fixed terms(1)	12,531	62.9	82	68.9	13,413	73.4	83	91.2
Property management service agreements with fixed terms expiring in:								
Year ending December 31, 2020	1,754	8.8	5	4.2	–	–	–	–
Year ending December 31, 2021	1,110	5.6	19	16.0	78	0.4	2	2.2
Year ending December 31, 2022 and beyond	4,535	22.7	13	10.9	4,778	26.2	6	6.6
Subtotal of property management service agreements with fixed terms	7,399	37.1	37	31.1	4,856	26.6	8	8.8
Total	**19,930**	**100.0**	**119**	**100.0**	**18,269**	**100.0**	**91**	**100.0**

Note:

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

The retention rates and renewal rates show the changes in the number of our property management service agreements during the Track Record Period from different angles. The retention rate indicates our ability to retain the overall number of property management service agreements during the relevant period while the renewal rate indicates our ability to renew the specific expired property management service agreements with property owners and/or property owners' associations during the relevant period. See ''Glossary'' for details. The cut-off time for calculating the below renewal rate and retention rate is at year end, and property management service agreements that expire on December 31 would be taken into consideration when calculating the renewal rate as it was still within the year. However, in calculating the retention rate, these projects would still be under management as at December 31 and would only cease to be managed on January 1 next year, therefore, the calculation of retention rate would exclude contracts that expire on December 31 and include them into the calculation of the next year's retention rate. The discrepancy between our retention rate and renewal rate in 2020 was due to the fact that five of the projects under our management in 2020 expired on December 31, 2020, and we were not able to renew them as discussed below. Therefore, the renewal rate was significantly lower than the retention rate for 2020.

The table below sets forth the retention rates and the renewal rates by property type for the years indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
		%	
Retention rates			
Residential properties	76.7	100.0	100.0
Non-residential properties	79.3	97.4	84.0
Overall	**77.8**	**98.9**	**93.7**
Renewal rates			
Residential properties	N/A[1]	100.0	N/A[1]
Non-residential properties	70.0	90.0	45.8
Overall	**70.0**	**92.3**	**45.8**

Note:

(1) No residential properties were subject to renewal in the relevant year.

In 2018, 2019 and 2020, our retention rate for property management service agreements was 77.8%, 98.9% and 93.7%, respectively. We recorded the lowest retention rate in 2018 during the Track Record Period, mainly because: (i) we voluntarily withdrew from 10 residential projects and decided not to renew two public facility projects that were located in fourth-tier cities in the PRC, such as Dongshan and Shao'an of Fujian province and we sought to focus on projects in more economically developed cities such as the first- or second-tier cities located in the Western Straits Region, the Yangtze River Delta Region and Other Regions to better align with our expansion strategy, and the total revenue contribution of these 12 projects was approximately 0.8% of our total revenue and approximately 0.6% of our total gross profit for property management service in 2018, and the fact that servicing these projects required substantial efforts to source qualified personnel from other local areas which has increased our costs. The gross profit margins of these projects ranged from 15.1% to 16.9% in 2018, which were generally lower than that of the average gross profit margin for the property management business in 2018, which was 19.6%; (ii) we decided not to renew the property management service agreements for two office buildings, one public facility and one hospital, as the gross profit margins of these projects ranged from 18.0% to 18.6% in 2018, which were generally lower than the average gross profit margin of 19.6% for property management services in 2018. Our retention rates were slightly lower than 100.0% in 2019, mainly because we were not able to renew one logistic park project in 2019, as such project mainly involved government and public facilities with stringent service and cost requirements, and had intense competition for bids. Our retention rate was lower in 2020 as compared to that of 2019, mainly because we were not able to renew the property management service agreement for (i) one public facilities project, one hotel and one school due to intense competition, as there were multiple bidders for each of these projects and the property owner in each case generally selected a bid with a proposed budget that was lower than ours for property management service agreement; (ii) two commercial property projects as the property owners decided to manage the properties themselves; and (iii) two other public facilities and one office building for a local bank as these projects involved stringent service and cost requirements, such as lowered overall budgets for property management, which, based on our internal evaluation, may not generate profit for us from providing the property management services and therefore we decided not to bid for these projects when the property management service agreements became due.

In 2018, 2019 and 2020, our renewal rate for property management service agreements was 70.0%, 92.3% and 45.8%, respectively. Our renewal rates were lower than 100.0% in 2018 and 2019 mainly because we were not able to renew certain non-residential projects as discussed above. We recorded the lowest renewal rate in 2020 during the Track Record Period, except for the reasons discussed above for the retention rate, also because we were not able to renew the property management service agreement for (i) three office buildings and one other non-residential property project, due to the intense competition in the biding process, and (ii) one other non-residential property project as the project involved government facility and we were not qualified to bid because of our foreign entity identity. Out of the 24 property management service agreements that expired in 2020, 13 were not renewed in 2020, including eight agreements expired during the year and five agreements expired on December 31, 2020. The revenue derived from such 13 property management service agreements in 2020 was

RMB24.1 million, representing 3.2% of our total revenue in 2020. The total GFA under management for such 13 property management service agreements was approximately 2.3 million sq.m., representing 11.4% of the sum of GFA under management as of December 31, 2020 and GFA under management for the projects that expired but were not renewed during the year in 2020.

We place a great emphasis on improving our retention and renewal rates of the property management service agreements for non-residential properties and maintaining our retention and renewal rates for residential properties, and have started to implement the following main strategies to enhance customer satisfaction and increase our competitiveness: (i) we intend to formulate specific plans to establish and increase the number of key contacts at different levels at our corporate customers or local governmental authorities in charge of public facility projects, and enhance our communications with those key contacts to ensure any quality issues or needs they raised can be more quickly and efficiently provided to us so we could deploy personnel in a timely manner to provide solutions to address such issues and needs; (ii) we are increasing the supervision of our property management services to ensure better implementation of our quality standards and to fulfill the contract requirements for both residential and non-residential properties across different regions, for example, the quality of service would not only be monitored or checked by quality personnel at local level but also sample checked by quality personnel designated from the group level; (iii) we will continue to monitor the response time to requests or concerns raised by our customers and ensure that they are addressed timely and effectively, especially for any requests or concerns raised by corporate customers or local governmental authorities; and (iv) we will further enhance our communications with customers in charge of renewing contracts or arranging bids through regular visits by designated personnel, and/or arrange more marketing activities to highlight our strengths and quality work, with the aim to help existing and potential customers to gain a better understanding of our strengths and service quality so they may take such experience and/or information into considerations for the renewal or bidding process.

Scope of Services

We provide the following major categories of property management services:

- *Cleaning services*. We provide cleaning services for common areas of residential and non-residential properties under our management, which may include staircases, hallways, exterior walls and basements. We generally provide such services through our employees and third-party subcontractors.

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

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

- *Car park management services*. We provide car park management services to property developers and property owners, which include car park security, entry and exit control, surveillance and car park cleaning services. We generally provide such services through our employees.

- *Repair and maintenance services*. We are generally responsible for ensuring elevator systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems, lighting system, and other facilities and equipment located in common areas are in good working order. We provide most of our repair and maintenance services through our employees, except the repair and maintenance work for elevators which are provided through our employees and third-party subcontractors.

While providing our property management services, we conduct quarterly on-site quality checks, monitor the service through video surveillance and follow-up calls, as well as respond to and record complaints and feedback on our services. See "—Quality Control—Quality Control of Our Property Management Services" in this section for more information. As of December 31, 2020, we employed 5,028 on-site personnel to provide property management service and engaged 93 selected subcontractors in our pre-approved subcontractor list to provide certain property management services, mainly including cleaning services, security services, greening services and repair and maintenance services.

Portfolio of Properties under Management

We manage residential and non-residential properties. The non-residential properties under our management include, but are not limited to, government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks.

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Residential properties[1]	6,017	129,491	54.7	8,790	149,527	52.5	12,178	202,435	55.1
Non-residential properties[2]	4,550	107,106	45.3	7,089	135,476	47.5	7,752	164,871	44.9
Office buildings	3,443	48,359	20.4	5,904	72,489	25.4	6,767	103,655	28.2
Commercial properties	234	44,265	18.7	290	47,610	16.7	234	42,900	11.7
Public facilities	438	6,443	2.7	489	7,818	2.7	127	7,201	2.0
Industrial parks and logistic parks	179	3,937	1.7	21	2,695	0.9	163	2,375	0.6
Schools	138	2,804	1.2	138	1,943	0.7	–	1,009	0.3
Hospitals	–	344	0.1	57	312	0.1	80	5,099	1.4
Others	118	954	0.5	190	2,609	1.0	381	2,632	0.7
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

Notes:

(1) In 2018, 2019 and 2020, the proportion of our revenue generated from managing residential properties developed by Ronshine China Group to our total revenue generated from managing residential properties was 96.2%, 94.4% and 90.5%, respectively. The proportion of our revenue generated from managing residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total revenue generated from managing residential properties was 2.2%, 4.7% and 8.1%, respectively, for the same years. The proportion of our revenue generated from managing residential properties developed by independent third-party property developers to our total revenue generated from managing residential properties was 1.6%, 0.9% and 1.4%, 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 Ronshine China Group to our total GFA under management for residential properties was 92.1%, 90.5% and 83.6%, respectively. The proportion of our GFA under management for residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total GFA under management for residential properties was 5.3%, 7.7% and 11.2%, respectively, as of the same dates. The proportion of our GFA under management for residential properties developed by independent third-party property developers to our total GFA under management for residential properties was 2.6%, 1.8% and 5.2%, respectively, as of the same dates.

(2) In 2018, 2019 and 2020, the proportion of our revenue generated from managing non-residential properties developed by Ronshine China Group to our total revenue generated from managing non-residential properties was 48.5%, 48.3% and 40.0%, respectively. The proportion of our revenue generated from managing non-residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total revenue generated from managing non-residential properties was 1.1%, 1.2% and nil, respectively, for the same periods. The proportion of our revenue generated from managing non-residential properties developed by independent third-party developers to our total revenue generated from managing non-residential properties was 50.4%, 50.5% and 60.0%, respectively, for the same periods.

As of December 31, 2018, 2019 and 2020, the proportion of our GFA under management for non-residential properties developed by Ronshine China Group to our total GFA under management for non-residential properties was 9.4%, 7.1% and 11.0%, respectively. The proportion of our GFA under management for non-residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total GFA under management for non-residential properties was 1.6%, 1.1% and nil, respectively, as of the same dates. The proportion of our GFA under management for non-residential properties developed by independent third-party property developers to our total GFA under management for non-residential properties was 89.0%, 91.8% and 89.0%, respectively, as of the same dates.

During the Track Record Period, we generated a substantial portion of our revenue from managing residential properties. In 2018, 2019 and 2020, our revenue generated from the provision of property management services to residential properties accounted for approximately 54.7%, 52.5% and 55.1% of our total revenue from the provision of property management services, respectively.

While remaining focused on property management for residential properties, we also sought to diversify our portfolio of managed properties to include a wide range of non-residential properties. We have been contracted to manage government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks. The revenue from our property management services to non-residential properties during the Track Record period accounted for approximately 45.3%, 47.5% and 44.9% of our total revenue from the provision of property management services in 2018, 2019 and 2020, respectively. We believe that as we accumulate experience and recognition for the quality of our property management services to both residential and non-residential properties, we will be able to continue to diversify our portfolio of properties under management and further enlarge our customer base.

Among the non-residential properties under our management during the Track Record Period, only certain commercial properties, including office building and commercial complex were charged property management fees with reference to the GFA under management, while all other non-residential properties under our management, including government and public facilities, hospital, bank, school and industrial and logistic parks, was charged on a fixed annual contract amount according to the service requirements for such properties and therefore generally not corresponding to the GFA under management for the relevant properties (collectively, the "**Other Non-residential Properties**"). While there is no material difference in the nature of property management services provided by us to the Other Non-residential Properties and non-residential properties under our management, there might be different service requirements or higher level of complexity involved in the services required for the Other Non-residential Properties. As Other Non-residential Properties generally include government and public facilities, industrial and logistic park, hospital and schools, there might be heightened or complex service requirements expected on us as property management service provider, such as in the area of cleaning, facility management and reception and security services. The property management service agreements were generally obtained for such Other Non-residential Properties through tenders or in some cases, through direct negotiations. In the case of the former, the procedures followed for tenders are very similar to that of tenders organized by property developers for residential properties, in which we provided bids for the property owner's consideration and ultimate selection. In the case of the latter, we were able to develop the business by leveraging our experience, track record and reputation and reached agreements with the property owners regarding the relevant services. The total GFA under management for the Other Non-residential Properties was approximately 4.4 million sq.m., 6.9 million sq.m. and 7.2 million sq.m., respectively, as of December 31, 2018, 2019 and 2020. We generated revenue from the provision of property management services to the Other Non-residential Properties in the amount of approximately RMB98.0 million, RMB115.7 million and RMB133.4 million, respectively, for 2018, 2019 and 2020, respectively.

The table below sets forth a breakdown of GFA under management, revenue, gross profit and gross profit margin of different types of non-residential properties as of the dates indicated, by different fee models:

	For the year ended December 31,											
	2018				2019				2020			
	GFA	**Revenue**	**Gross Profit**	**Gross Profit Margin**	**GFA**	**Revenue**	**Gross Profit**	**Gross Profit Margin**	**GFA**	**Revenue**	**Gross Profit**	**Gross Profit Margin**
	sq.m.	*RMB'000*	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*RMB'000*	*%*
Non-residential properties with property management fees charged with reference to the GFA under management												
Office buildings	148	7,970	1,624	20.4	233	18,688	4,439	23.8	525	24,774	6,170	24.9
Non-residential properties with property management fees charged using a fixed annual contract amount												
Commercial properties	234	44,265	11,090	25.1	290	47,610	12,999	27.3	234	40,839	10,435	25.6
Office buildings	3,295	40,389	8,190	20.3	5,672	53,801	12,523	23.3	6,242	77,122	18,409	23.9
Industrial parks and logistic parks	179	3,937	728	18.5	21	1,599	380	23.8	163	2,375	579	24.4
Schools	138	2,804	493	17.6	138	1,943	443	22.8	–	–	–	–
Public facilities	438	5,697	1,122	19.7	489	7,818	1,796	23.0	127	5,330	1,238	23.2
Hospitals	–	–	–	–	57	312	67	21.6	80	5,099	1,205	23.6
Others	118	954	178	18.7	189	2,609	498	19.1	381	2,632	587	22.3
Sub-total	4,402	98,046	21,802	22.2	6,856	115,692	28,706	24.8	7,227	133,397	32,453	24.3
Terminated projects[1]	–	1,090	198	18.2	–	1,096	247	22.5	–	6,700	1,558	23.2
Total	**4,550**	**107,106**	**23,624**	**22.1**	**7,089**	**135,476**	**33,392**	**24.6**	**7,752**	**164,871**	**40,181**	**24.4**

Note:

(1) Include non-residential projects which had been terminated prior to the end of the relevant years but had revenue that were recognized during the indicated years.

The table below sets forth the average property management fee for our property management services provided to residential and non-residential projects (other than Other Non-residential Properties) for the years indicated, by the type of property developer:

	For the year ended December 31,		
	2018	2019	2020
	(RMB per sq.m. per month)		
Residential properties			
Projects developed by Ronshine China Group(1)	2.4	2.6	2.6
Jointly Developed Projects(2)	2.0	2.2	2.3
Projects developed by independent third-party property developers	1.2	1.2	1.6
Overall average property management fee for residential properties	**2.3**	**2.5**	**2.5**
Non-residential properties			
Projects developed by Ronshine China Group(1)	7.6	6.7	7.5
Jointly Developed Projects(2)	5.0	5.0	5.0
Projects developed by independent third-party developers	N/A	N/A	N/A
Overall average property management fee for non-residential properties	**7.4**	**6.6**	**7.4**
Overall average property management fee	**2.5**	**2.7**	**2.7**

Notes:

(1) Includes properties solely developed by Ronshine China Group and properties that Ronshine China Group jointly developed with third-party property developers for which properties Ronshine China Group held a controlling interest.

(2) For residential properties, Jointly Developed Projects included projects jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest. For non-residential properties, Jointly Developed Projects included projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou. During the Track Record Period, we provided property management service to the office building area of a hotel that was developed by a company beneficially owned by Mr. Ou from 2017 to May 2020, and subsequently sold by Mr. Ou to a third party in May 2020. As of the Latest Practicable Date, this non-residential property project was under our management.

The property management fee for our Other Non-residential Properties were charged on a fixed annual contract amount according to the service requirements for such properties, and therefore the property management fee charged generally does not correspond to the GFA under management for the relevant properties. Accordingly, the indicative average property management fee set out below for the Other Non-residential Properties should only be taken as reference as such is not comparable to our other projects or property management projects of other companies where the property management fee is determined with reference to the GFA under management:

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB per sq.m. per month)		
Other Non-residential properties			
Commercial building	15.8	14.2	14.5
Office building	1.1	0.9	1.1
Industrial park and logistics park	1.8	6.3	1.5
School	1.7	1.2	N/A[(1)]
Public facilities	1.1	1.4	3.5
Hospitals	N/A[(1)]	5.5	5.9
Others	1.6	1.1	1.1

Note:

(1) We did not manage any project of such type during the relevant year.

Our average property management fee for property management services to residential properties developed by Ronshine China Group and Jointly Developed Projects were generally higher than those of the residential properties developed by independent third-party property developers during the Track Record Period, primarily because: (i) according to CIA, average property management fees for property management services to residential properties located in first-tier and second-tier cities are generally higher than lower-tiered cities, and a larger portion of the residential properties developed by Ronshine China Group were mid to high-end properties that were located in second-tier cities as compared to that of the residential properties developed by independent third-party property developers, (ii) we charged relatively high property management fees to a number of the residential properties developed by Ronshine China Group and under our management as they were high-end properties such as townhouses or standalone houses in Shanghai and (iii) we charged relatively high property management fee to two residential properties developed by Jointly Developed Projects as it was a high- and mid-end property in second-tier city. According to CIA, our average property management fees for the high- and mid-end residential properties as well as relatively low-end residential properties developed by Ronshine China Group and Jointly Developed Projects were within the market range in regions we had major presence, namely, the Western Straits

Region and the Yantze River Delta Region. See "Industry Overview—Development of the PRC Property Management Industry—Average Property Management Fees Collected by the Top 100 Property Management Companies" for detail on the market range of property management fees.

The average property management fees for the property management services to non-residential properties (other than Other Non-residential Properties) that were charged with reference to the GFA under management and developed by Ronshine China Group and Jointly Developed Projects were generally in line with each other as such properties mainly included office buildings. According to CIA, our average property management fees for non-residential properties developed by Ronshine China Group and Jointly Developed Projects during the Track Record Period were within the market range in regions we had major presence, namely, the Western Straits Region and the Yantze River Delta Region. See "Industry Overview—Development of the PRC Property Management Industry—Average Property Management Fees Collected by the Top 100 Property Management Companies" for detail on the market range of property management fees. For the average property management fees for Other Non-residential Properties, please see "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items."

Growth of Our Project Portfolio

As of December 31, 2018, 2019 and 2020, we had 56, 90 and 119 projects under management, respectively, among which 16, 29 and 38, respectively, are developed by independent third-party property developers. The total number of our projects under management increased stably during the Track Record Period. As of December 31, 2018, 2019 and 2020, our total GFA under management was approximately 10.6 million sq.m., 15.9 million sq.m. and 19.9 million sq.m., respectively, among which approximately 4.2 million sq.m., 6.7 million sq.m. and 7.5 million sq.m., respectively, are developed by independent third-party property developers, accounted for 39.8%, 42.0% and 37.8%, respectively, of the total GFA under management.

We have been growing our project portfolio during the Track Record Period primarily by obtaining new property management service agreements. Going forward, we intend to continue to increase our business scale and market share through, among others, strategic investment and acquisition and expansion of additional value-added services. See "—Business Strategies" above for more information.

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

	As of December 31,					
	2018		2019		2020	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(sq.m. '000)					
As of the beginning of the year	14,921	9,527	20,788	10,567	27,560	15,879
New engagements[(1)]	6,489	1,662	6,930	5,470	11,234	4,646
Terminations[(2)]	(622)	(622)	(158)	(158)	(595)	(595)
As of the end of the year	**20,788**	**10,567**	**27,560**	**15,879**	**38,199**	**19,930**

Notes:

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

(2) Primarily include our non-renewal or voluntary withdrawal of property management service agreements for certain projects as we reallocated our resources to generally focus on projects in cities that were first-tier or second-tier or locations to align with our expansion strategies. Please see "—Our Geographical Presence" in this section for more information about our retention rate and renewal rate.

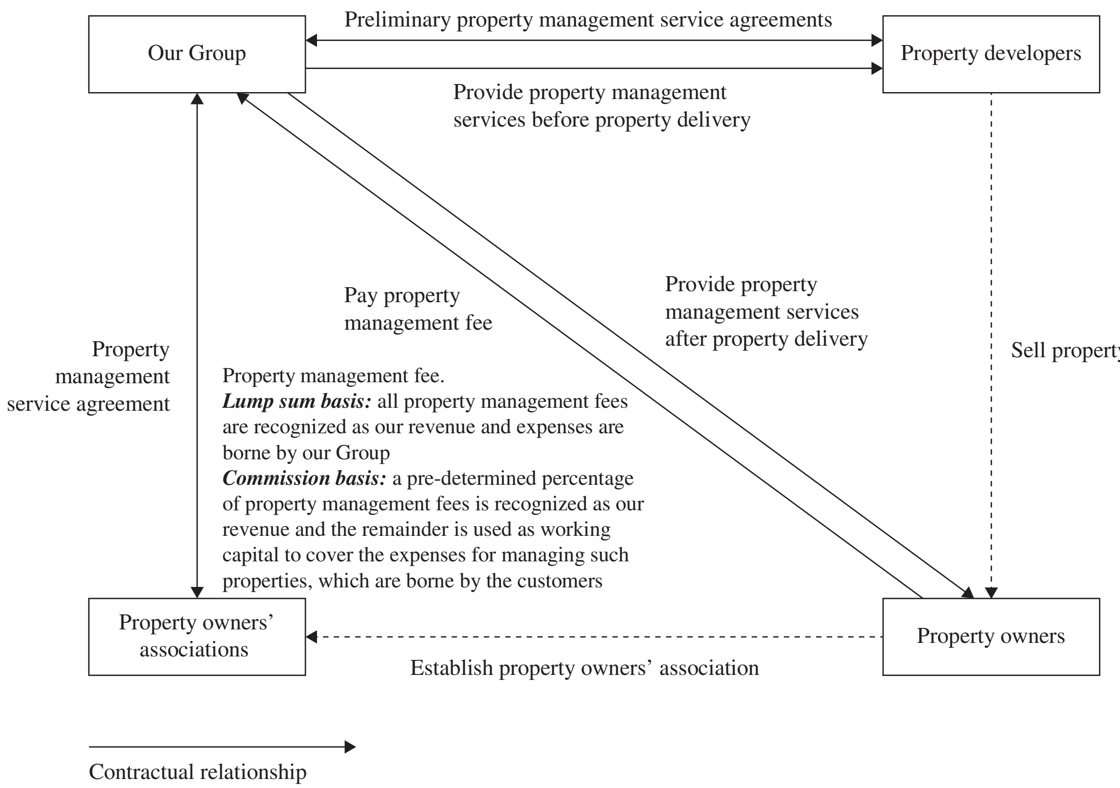
Property Management Fees

During the Track Record Period, a substantial portion of our property management fees were charged on a lump sum basis, with the remainder charged on a commission basis. In each of 2018, 2019 and 2020, 99.8% of our revenue generated from property management services was charged on a lump sum basis, respectively, while 0.2% of our revenue generated from property management services was charged on a commission basis for each of the same years, respectively. See "Risk Factors—Risks Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis" in this prospectus for discussion of the related risks.

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

	As of or for the year ended December 31,								
	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 . . .	10,374	236,150	99.8	15,590	284,299	99.8	19,641	366,522	99.8
Commission basis . . .	193	447	0.2	289	704	0.2	289	784	0.2
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

We take into account a number of factors in determining whether to charge fees on a lump sum or commission basis, including, but not limited to, local regulations, personalized requirements specified by property developers or property owners' associations, affordability of property management fee and service requirements of the property owners, local market conditions, projected profitability and the nature and characteristics of individual properties, and determine the fee model on a case-by-case basis. The following diagram illustrates the two fee models under which we manage residential properties:



Property Management Fees Charged on a Lump Sum Basis

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

Prior to negotiating and entering into our property management service agreements, we seek to prepare, as accurate as possible, an estimate of our cost of sales. Our cost of sales primarily includes employee benefit expenses, greening and cleaning expenses, maintenance costs, security personnel expenses, office expenses, taxes and other levies, lease payments on short-term leases, depreciation and amortization charges and others. As we bear such expenses ourselves, our profit margins are affected by our ability to control our cost of sales. In the event that our cost of sales is higher than anticipated, we may not be able to collect additional amounts from our customers to sustain our profit margins however we may have option to raise the property management fee through friendly negotiation while still maintaining our high quality service standard, explore other value-added service for profit growth and increase the financial and operational efficiency by applying automated system. See "Risk Factors—Risks Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis" in this prospectus for further discussion. During the Track Record Period and up to the Latest Practicable Date, we did not incur any material losses in managing properties whose fees were charged on a lump sum basis. As of December 31, 2020, we had two loss-making projects that were under our management. The gross loss from the provision of property management services to these two projects were approximately RMB0.3 million, RMB0.3 million and RMB0.3 million for 2018, 2019 and 2020, respectively. The total revenue that we recorded from the same was approximately RMB3.4 million, RMB3.7 million and RMB3.9 million, respectively, for 2018, 2019 and 2020, which accounted for approximately 1.5%, 1.3% and 1.1% of our total revenue for property management services, respectively, during the same years. The total GFA under management contributed by these two projects was approximately 2.1%, 1.4% and 1.1% of our total GFA under management as of December 31, 2018, 2019 and 2020. We experienced losses from the two residential projects mainly because they were older residential properties which had relatively lower property management fees. To avoid incurring losses going forward, we intend to improve our cost-saving measures for these two projects, such as reducing energy costs for certain areas during hours that are not in use and subcontracting certain services, as well as increasing property management fees by working with the relevant property owners and facilitating the process in setting up the property owners' association with which we believe we could conduct negotiations to raise service prices.

Property Management Fees Charged on a Commission Basis

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

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

Under the commission fee model, we are not entitled to any excess of the property management fees paid by customers over the costs and expenses associated with the provision of services to the property. Therefore, we do not recognize any direct cost under property management service agreements charged on a commission basis in general. Such costs are borne by the customers. During the Track Record Period, we did not incur any losses in managing the two residential properties whose fees were charged on a commission basis.

Tender Process

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

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

Receiving invitation or notice regarding the tender process or bidding opportunity

↓

Marketing department to prepare for the bid

↓

Participating and submitting documents required for pre-qualification

↓

Researching relevant details of the property/properties involved and preparing budget estimates

↓

Participating and submitting tender bids outlining, among others, our plans, costs and qualifications

↓

Tender evaluation

↓

Award of contract or rejection

↓

Signing the property management service agreement and filing such agreement with relevant local authority, or analyzing reasons behind the rejection

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

During the Track Record Period, our bidding success rate for (i) projects developed by Ronshine China Group was 100.0% for each of 2018, 2019 and 2020 (ii) Jointly Developed Projects was 83.3%, 100.0% and 100.0% for each of 2018, 2019 and 2020, respectively. While there is no material differences in the tendering requirements for projects developed by Ronshine China Group, Jointly Developed Projects and projects developed by independent third-party property developers, we have enjoyed a high bidding success rate for the projects developed by Ronshine China Group and Jointly Developed Projects during the Track Record Period mainly due to our extensive experience in providing property management services across the PRC and our familiarity with the property management service requirements for projects developed by Ronshine China Group given our long-standing and stable business cooperation relationship with Ronshine China Group. We have been contracted to provide property management services and extended our geographical coverage to 44 cities across the PRC as of December 31, 2020, gaining valuable experience in providing property management services from catering to various needs of different property developers and a solid track record over the years. We also have a competitive advantage over some other property management service provider for projects developed by Ronshine China Group as we are familiar with the service requirements for such projects given our long-standing relationship with Ronshine China Group and its specific needs for projects at different locations, as well as the fact that we might be involved in the preliminary planning and design stage of some of the projects developed by Ronshine China Group and therefore have a more comprehensive understanding of those projects that may allow us to formulate better service proposals and suitable budgets for the bids. See "—Competitive Strengths—Strong Support from Ronshine China Group with a Large Portfolio Focusing on Mid-to High-end Properties and Our Ability to Obtain Projects from Independent Third Parties" for more discussion on our relationship with Ronshine China Group. Our bidding success rate for projects developed by independent third-party property developers was approximately 22.2%, 47.6% and 57.9% for 2018, 2019 and 2020, respectively. Our bidding success rates for the projects developed by independent third-party property developers were lower than those of the projects developed by Ronshine China Group and Jointly Developed Projects during the Track Record Period, primarily because we generally tend to tender a relatively large number of bids for non-residential property projects developed by independent third-party property developers and face intense competition for bids for non-residential properties developed by the same. During the Track Record Period, the number of our bids for non-residential property projects developed by independent third parties generally exceeded that of non-residential property projects developed by Ronshine China Group or Ronshine China Group's joint ventures and associates or companies beneficially owned by Mr. Ou. In 2018, 2019 and 2020, we made 16, 37 and 34 bids, respectively, for non-residential property projects developed by independent third parties, as compared to a total of five, one and one of Ronshine China Group and Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou. These non-residential property projects generally attracted a large number of participating bids and particularly public facilities for which the competition is fierce and requirements complex. Given the large number of bids made and the intense competition for mainly the non-residential projects developed by independent third parties, our bidding success rates overall during the Track Record Period were not as high as that of projects developed by Ronshine China Group or the Jointly Developed Projects.

The table below presents the total numbers of bids we tendered, number of winning bids and bidding success rate by type of properties and property developers during the Track Record Period:

	For the year ended December 31,								
	2018			2019			2020		
	Number of bids tendered	Number of winning bids	Bidding success rate	Number of bids tendered	Number of winning bids	Bidding success rate	Number of bids tendered	Number of winning bids	Bidding success rate
Residential properties									
Projects developed by Ronshine China Group[(1)]	16	16	100.0%	21	21	100.0%	23	23	100.00%
Jointly Developed Projects[(2)]	9	9	100.0%	5	5	100.0%	8	8	100.00%
Projects developed by independent third-party property developers	2	1	50.0%	5	2	40.0%	4	4	100.00%
Sub-total	27	26	96.3%	31	28	90.3%	35	35	100.00%
Non-residential properties									
Projects developed by Ronshine China Group[(1)]	2	2	100.0%	1	1	100.0%	1	1	100.00%
Jointly Developed Projects[(2)]	3	1	33.3%	–	–	–	0	0	–
Projects developed by independent third-party property developers	16	3	18.8%	37	18	48.7%	34	18	52.94%
Sub-total	21	6	28.6%	38	19	50.0%	35	19	54.29%
Total	48	32	66.7%	69	47	68.1%	70	54	77.14%

Notes:

(1) Includes (i) properties solely developed by Ronshine China Group and (ii) properties that Ronshine China Group jointly developed with third-party property developers for which properties Ronshine China Group held a controlling interest.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

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. As advised by CIA, property developers usually organize tendering process to engage property management companies after they have obtained the land use rights for the land parcel for its projects. Accordingly, we usually have the opportunity to submit the tender bid for a project after the property developer obtains the relevant land use rights and launches the tendering process, and if we are successful in securing the bid, enter into a preliminary property management service agreement with the property developer before obtaining the relevant permit for pre-sales.

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

We may provide certain property management service to non-property owners such as sales assistance services and preliminary planning, design consultancy and pre-delivery services during the pre-sale stage to property developers. With respect to our property management services to property owners and residents at residential properties, we typically start providing the services after property developers have delivered the relevant properties to them. The date of delivery of residential property has generally been set out in the relevant property purchase agreement between the property developer, such as Ronshine China Group, and the purchaser, which is usually on or before a certain date, subject to the fulfillment of certain conditions, including but not limited to the settlement of the purchase price for the property. The property developer is contractually obligated to deliver the property according to the property purchase agreement and it would be a breach of contract if the property developer fails to do so. If the property developer cannot deliver the property to the purchaser on or before the specified date in the relevant purchase agreement, then the buyer may have the option to rescind the purchase agreement and the property developer may refund the purchase price paid. Accordingly, the revenue from such sale would not be recognized and there may be penalties for delayed delivery. Therefore, it is in the property developer's interest to deliver the property according to the pre-agreed schedule set forth in the property purchase agreement. However, whether a property developer can deliver its properties on time depends on a number of factors, among others, the construction progress and the obtaining of relevant approvals and certificates from government authorities as required by applicable laws and regulations. As such, the date of delivery by the property developer can be brought forward only under the pre-conditions that the construction has been completed and all relevant approvals and certificates have been successfully obtained by the property developer. Given the contractual obligation and the regulatory requirements, it would not be in the property developer's interest to manipulate or adjust the date of delivery for its properties without good reason, including those properties that are to be managed by us.

In relation to residential properties that have already been delivered and property owners' associations have been established, we enter into property management service agreements with property owners' associations which act on behalf of property owners. For non-residential properties, we primarily enter into property management service agreements with property owners for government and public facilities, commercial complex, office buildings, bank, schools and industrial parks. During the Track Record Period, a majority of our revenue from property management services was generated from preliminary property management service agreements entered into with property developers.

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

	As of or for the year ended December 31,											
	2018				2019				2020			
	Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue	
	sq.m.'000		*RMB'000*	*%*	*sq.m.'000*		*RMB'000*	*%*	*sq.m.'000*		*RMB'000*	*%*
Preliminary stages[(1)]	20,357	10,136	228,364	96.5	26,828	15,147	264,552	92.8	37,343	19,074	344,205	93.7
Property owners' associations stage[(2)]	431	431	8,233	3.5	732	732	20,451	7.2	856	856	23,101	6.3
Total	**20,788**	**10,567**	**236,597**	**100.0**	**27,560**	**15,879**	**285,003**	**100.0**	**38,199**	**19,930**	**367,306**	**100.0**

Notes:

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

(2) Include property management projects where we rendered services after property owners' associations were established. See "—Key Terms of Dealing with Property Owners' Associations" below for more details.

As of December 31, 2020, we had property management service agreements with three residential properties where property owners' associations have been set up. During the Track Record Period, we also provided property management service to three other residential projects where the respective property owners' associations had once been set up. However, the relevant property owners' associations had dissolved of their own accord and through no fault of us before the Track Record Period, and we continued to provide property management services under the terms of the property management service agreements with the relevant property owners' associations before they dissolved. According to our PRC Legal Advisors, our provision of property management services under such circumstances was not in violation of any relevant PRC laws and regulations and that the revenue that we recorded from the provision of property management services to these three residential projects would not be considered as any non-compliant income.

Key Terms of Dealing with Property Developers

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

- *Scope of services*. A typical preliminary property management service agreement with property developer sets out the required services, including cleaning services, security services, greening services and repair and maintenance services. We may also provide other customized services, such as collecting utility fees and car park management services.

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

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

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

- *Term of service and termination*. Most of the our preliminary property management service agreements do not have a fixed term, while the rest generally have a fixed term of three years. In either case, the preliminary property management service agreements will specify that the agreements will automatically terminate when a property owners' association is established or a new property management service agreement is entered into. Preliminary property management service agreements without fixed terms will generally terminate when a property owners' association is established and a new property management service agreement is entered into.

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

After delivery of the projects by property developers to the property owners, property owners may form and operate property owners' associations to manage the projects. The Property Law of the PRC, the Regulations on Property Management and the Guidance Rules of the Owners' Meeting and the Property Owners' Association (《業主大會和業主委員會指導原則》) stipulate that property owners' associations may be established at property owners' meeting by a vote of at least half of the property owners who own over half of the delivered GFA in the residential community. According to the Interpretations of the Supreme People's Court on Issues Relating to Application of Laws for Trial of Property Management Service Dispute Cases (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (the "Interpretations"), a preliminary property management service agreement entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners. According to the Interpretations, where any property owner argues that the preliminary property management service agreement is not applicable on the ground that he/she is not a party to the same, the relevant People's Court shall not uphold such claim. According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), a sales contract concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service agreement. Therefore, as advised by our PRC Legal Advisors, the preliminary property management service agreements entered into with property developers in compliance with the aforementioned regulations are legally binding on the relevant future property owners as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts. In addition, according to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), where there is only one owner, or where there are a few owners and they all agree not to form the property owners' general meeting, the owner(s) shall (jointly) perform the duties of the property owners' general meeting and the property owners' association. Thus, as advised by our PRC Legal Advisors, there is no compulsory requirement for property owners of non-residential properties to form property owners' associations under the PRC Property Law and relevant PRC laws and regulations. As for non-residential properties which have no property owners' associations, we directly negotiate and enter into contract with, and perform our property management services to, property owners after the delivery of non-residential projects by property developers to such property owners.

Once our preliminary property management service agreements have expired, we may negotiate with the newly-formed property owners' associations for the terms of new property management service agreements. As of December 31, 2020, three of the residential projects under our management have established property owners' associations. During the Track Record Period, except for one residential project, neither we nor any residential property owners' association have unilaterally terminated any property management service agreement before the end of their terms. The one terminated residential project was located in third-tier or lower-tier city in Fujian province, which we determined as not in line with our future business expansion and decided to terminate in 2018. We were able to negotiate with the relevant property owners' association established at this project and reached an agreement to terminate in 2018 after following the relevant procedures for termination in such case. For the one terminated project, also see "—Property Management Services—Property Management Service Agreements" for more details. The property owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management, property owners' associations may enter into or terminate property management service agreements on behalf of the property owners and residents with the property management service providers by votes from more than half of the property owners who own over half of the GFA of delivered projects at the property owner meeting, provided that such decision will not constitute a violation of applicable law or a breach of the respective contract. The property owners' associations may either hire a new property management service provider through the tender process or select one based on specific standards to do with terms and conditions of service, quality and price. See "Regulatory Overview—Legal Supervision Over Property Management Services—Appointment of Property Management Enterprises" in this prospectus for more information.

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

Key Terms of Dealing with Property Owners' Associations

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

- *Scope of services*. We typically agree to provide property management services including cleaning services, security services, greening services and repair and maintenance services.

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

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

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

- *Terms of service and termination*. Our property management service agreements generally have a fixed term of three years. For those property management service agreements may be renewed, proposals to renew the agreement is generally made in writing two or three months before the agreement expires and new service agreement are generally signed one or two months before the agreement expires. Certain of these agreements provide that, if no new agreement had been entered into between the relevant property owners' association and the existing property management service agreement was not properly renewed in accordance with renewal procedures, the term of the agreement at issue shall be extended till the new property management service agreement between the relevant property owners' association and the newly engaged property management company becomes effective. Our property management service agreements may be terminated by property owners' associations if we fail to meet the quality standards set out in the agreements and fail to rectify the issue within a specified time period. Save for one residential project for which we had voluntarily withdrew prior to the expiration of the property management service agreement in 2018 due to the fact that its location was not in line with our overall expansion strategy, during the Track Record Period and up to the Latest Practicable Date, neither we nor any property owners' association have unilaterally terminated any property management service agreement before the end of their terms.

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

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

Our Pricing Policy

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

The price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services, and we are also subject to pricing controls issued by the PRC Government. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Liberalizing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (the "Price Control Liberalization Circular"), which required provincial-level price administration authorities to liberalize the price control or guidance policies on residential properties, with certain exceptions. According to the Measures on the Charges of Property Management Enterprise, property management fees charged shall be determined with references to the government guidance prices or market prices, which are set based on the nature and feature of relevant properties to which the property management services are provided. The specific pricing principles shall be determined by the competent price administration departments and property administration department of the local government of each provinces, autonomous region and municipality. See "Regulatory Overview—Legal Supervision Over Property Management Services—Fees Charged by Property Management Enterprises" in this prospectus. We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Price Control Liberalization Circular. See "Risk Factors—Risk Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis" in this prospectus. During the Track Record Period, the property management fees charged by us were in compliance with the relevant PRC laws and regulations in relation to pricing control in all material aspects. According to CIA, our property management fees were generally in line with the relevant market trends with respect to property management fees charged by property management companies in the PRC during the Track Record Period.

Payment and Credit Terms

We may charge property management fees on a monthly or quarterly basis, depending on the terms of our property management service agreements. The fees for property management services are typically due for payment by property owners and residents upon our issuance of a demand note. We typically demand payment for our property management services upon receipt of the demand note by property owners and residents which, according to CIA, is consistent with the property management industry norm in the PRC. We primarily accept payments for property management fees by cash or through online transfers, bank card, auto-pay or third-party payment platforms. To facilitate the timely collection of property management fees and other payments, we may send payment reminders to property owners and residents in writing. In relation to the collection of outstanding property management fees, we remind our customers of the outstanding amount by sending demand letters to such customers. If the outstanding fees remain unpaid one year after the original due date, we may issue a demand letter through attorneys via registered mail, and may file a lawsuit against such customer to claim the outstanding amounts. Concurrently, we will at least issue one demand letter every year to ensure that we fulfill requirements under PRC statutes of limitations, which impose a three year deadline by which we may sue for outstanding property management fees. For more information on our trade receivables and related risks thereof, see "Financial Information—Description of Selected Items of Consolidated Balance Sheet—Trade and Other Receivables and Prepayments—Trade Receivables" and "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, residents and/or property developers which could incur impairment losses on our trade receivables" in this prospectus. To the extent permitted under PRC law, we collect utility fees from property owners and residents in relation to electricity and water supply in addition to agreed-upon property management fees.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

We also provide a series of value-added services to non-property owners, primarily property developers which mainly include Ronshine China Group. We primarily obtained the relevant service agreements for our sales assistance services and preliminary planning, design consultancy and pre-delivery services through direct business negotiations with the property developers. We obtained the relevant contracts for our driving and vehicle dispatching and managing services through tender processes organized by the customers. In 2018, 2019 and 2020, our revenue generated from our value-added services to non-property owners amounted to approximately RMB172.8 million, RMB225.1 million and RMB368.2 million, respectively, accounting for approximately 41.8%, 43.4% and 49.1% of our total revenue for the same years, respectively.

The following table sets forth the components of our revenue from value-added services to non-property owners for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales assistance services	111,970	64.8	122,108	54.3	199,870	54.3
Preliminary planning, design consultancy and pre-delivery services	28,623	16.6	51,540	22.9	112,131	30.4
Driving and vehicle dispatching and managing services	32,159	18.6	51,414	22.8	56,242	15.3
Total	**172,752**	**100.0**	**225,062**	**100.0**	**368,243**	**100.0**

Sales Assistance Services

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

We deploy our staff to assist property developers with their marketing activities on-site including but not limited to, reception, cleaning, greening, security, traffic and car park management, on-site visits, advertising of the properties for sale and repair and maintenance services. We enter into a service agreement with the property developer for such services, and the agreement is generally with a fixed term. Under the service agreements, we are obligated to follow the service standards specified by our customers, while depending on the term of the relevant contract, our customers are obligated to provide us with the facilities and equipment necessary to provide our services. We provide our sales assistance services through our employees and subcontractors. We closely monitor the quality of the services provided by our employees and subcontractors, including regular checks on the specific services delivered, to ensure that the standard of the services meet our customers' requirements and are consistent with our quality standards.

Preliminary Planning, Design Consultancy and Pre-delivery Services

We offer preliminary planning, design consultancy and pre-delivery services to property developers who wish to improve the sales and marketing performance by enhancing the planning and design of certain aspects of their properties in order to better meet their customers' expectations and/or tastes. Our services primarily include design consultation and on-site consultation. Our design consultation service mainly includes consultation with the design teams of the property developer to offer suggestions and recommendations on areas of the construction plan that may be improved to meet the requirements and preferences of the potential customers or advise on the design requirements under the local regulations. Such suggestions and recommendations may cover areas such as the design of fire safety system, waste disposal systems and others. Our on-site consultation mainly includes on-site checks during the construction phase of the properties to help identify quality and other issues at an early stage, so that the property developer can take prompt actions to rectify the relevant issues or improve the relevant designs. We may also provide on-site inspection at regular intervals to help monitor construction progress and quality and conduct follow-ups on any quality issues that have been previously identified by us or the property developer from time to time. Our pre-delivery inspection services mainly include quality inspection and cleaning of property units to be delivered to customers, and provide protection measures such as temporary padding hallways and basements to avoid accidental damages to the properties during the cleaning and finishing process before delivery. We generally enter into separate agreements with property developers for our preliminary planning, design consultancy and pre-delivery services and set out the agreed service scope and standards in such agreements. We generally charge our fees for these services by GFA as agreed in the relevant agreements with the property developers.

Driving and Vehicle Dispatching and Managing Services

Our driving and vehicle dispatching and managing services mainly consist of driving services that is provided on an on-demand basis and vehicle dispatching and managing services. Customer A was an independent third party to which we also provided property management services during the Track Record Period. We started providing the driving and vehicle dispatching and managing services in late 2016, as we realized that our customers had such needs and that we could leverage our capabilities in the management of drivers as well as software capabilities in coordinating and management of vehicles used to meet their service demands. As we gained more experiences and built our reputation with the customers, we were able to obtain additional contracts for such services through public tender with members of the same group of this enterprise. We have entered into individual service agreements with each of the subsidiaries based on their service requirements and budgets for generally a three-year term. We price our services based a cost plus margin basis, where our costs incurred mainly included the labor costs, training and administrative expenses and costs to maintain the software used to assist in the management of drivers and vehicle dispatching. Under our services, we dispatch our drivers according to service requests from our customer. Such requests generally include specified time, pickup location and destination. Our drivers use vehicles that are leased by the customers for such services, and the vehicles are parked or stored at parking lots or garages paid for by the customers. Under our related management services, we maintain a management system for the vehicles used for our driving services, which allows us to plan the requested trips using mapping and routing technologies to determine the travel routes, vehicles to use and other transportation details. We also provide maintenance checks on the vehicles as part of our services and help schedule and arrange for the vehicles to be delivered to repair shops for any necessary routine checks and repair work. Our role as a service provider for this service is mainly to provide a better means of transportation to our customers, by continuously training qualified drivers and maintaining and managing vehicles used for the service in order to enable targeted and timely travel requests required by the customers. Although this service is not related to our property management services, we believe that it helps us to diversify our revenue streams and service capabilities and may allow us to expand our businesses in the future. Our PRC Legal Advisors advised that (i) no licences are required to provide such services and (ii) our driving and vehicle dispatching and managing services provided does not violate any applicable PRC rules and regulations.

Our services are provided by our employees who are drivers with required licenses and qualifications for the relevant driving services we offer. In addition to the typical employee benefit package for our employees, we also provide the drivers with regular training to help them stay knowledgeable and current with respect to safety procedures, vehicle maintenance and others. See "—Employees—Training" in this section for more details. In addition, we pay for the personal liability accident insurance for our drivers. The customers pay for all the other required insurances for such driving services, including accident liability insurance for the vehicles. See "Risk Factors—Risks Relating to Our Business and Industry—We face risks related to liabilities resulting from and losses relating to the provision of our driving and vehicle dispatching and managing services" in this prospectus for more discussions on related risks. Our services are billed to the customers on a monthly basis, and the fees are calculated according to the detailed fee components set out in the service agreements with the customers, which generally provide scalable fees according to the type of drivers, service duration and distance of the trips. However, our total service fees for each year under the relevant service agreement are subject to a maximum fee amount, which had been pre-negotiated between the relevant customer and us, taking into consideration the relevant labor and training costs and other expenses. We derived revenue from the driving and vehicle dispatching and managing services of RMB32.2 million, RMB51.4 million and RMB56.2 million in 2018, 2019 and 2020, respectively. During the Track Record Period, based on the services provided, we had not incurred any losses under any of the relevant service agreements for our driving and vehicle dispatching and managing services.

COMMUNITY VALUE-ADDED SERVICES

Leveraging our experience in property management, we provide community value-added services to property owners and residents of our managed properties to address their lifestyle needs, enhance their living experience and create a healthier and more convenient community which may, in turn, elevate our brand name and increase customer loyalty to us. The community value-added services are offered primarily through our daily interactions with the property owners and residents. Our community value-added services include (i) community shopping services ("Joyful Life Service" (和美生活)); (ii) decoration and furnishing services and home maintenance services ("Joyful Living Service" (和美易居)); (iii) property agency services ("Joyful Leasing and Sale Service" (和美租售)); and (iv) ancillary services for common areas (場地固有資源業務), which primarily include advertising in and rental of common areas of the properties under our management.

In 2018, 2019 and 2020, our revenue generated from our community value-added services amounted to approximately RMB4.3 million, RMB8.4 million and RMB14.9 million, respectively, representing 1.0%, 1.6% and 2.0% of our total revenue for the same years, respectively.

The following table sets forth the components of our revenue from community value-added services for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Joyful life service (和美生活)	–	–	1,432	17.1	8,124	54.6
Joyful living service (和美易居)	4,101	95.4	5,460	65.3	3,440	23.1
Joyful leasing and sale service (和美租售)	–	–	516	6.1	2,619	17.6
Ancillary services for common areas	199	4.6	959	11.5	693	4.7
Total	**4,300**	**100.0**	**8,367**	**100.0**	**14,876**	**100.0**

Joyful Life Service (和美生活)

Community Shopping Services

Under Joyful Life Service, we mainly offer community shopping services to property owners and residents of the properties under our management. Leveraging our active engagement with the property owners and residents and close knowledge of their shopping preferences and needs, we offer convenient shopping services through our offline and online forums. The majority portion of our community shopping services is the offline community shopping services, under which we mainly sell popular products for selected holidays to property owners and/or residents at designated locations at residential properties under our management. The products generally include gift baskets, mooncakes and other popular gifts that suit the property owners and/or residents' holiday shopping needs. For our online community shopping services, we offer sales of selected fresh produce and general household products through an application provided through a popular third-party communication application. The purchasers may include property owners and residents living in the communities under our management and, to a lesser extent, property owners and residents living at other properties, often in close proximity to the properties under our management. The purchasers can place orders through the online application and products bought would be delivered door-to-door by us. For both of our offline and online community shopping services, we source the products from a number of third-party vendors at wholesale prices, and recognize our profit as the difference between the retail prices of the products sold and the cost of the products sourced. As advised by our PRC Legal Advisors, the third-party through which we provided the online community shopping services has obtained the relevant licenses for value-added telecommunication services, and that we are not required to obtain any other licenses such as any licenses relating to value-added telecommunication services for the offline or online community shopping services as discussed above.

Joyful Living Service (和美易居)

Decoration and Furnishing Services

We generally provide property owners and residents the decoration and furnishing services before they move in. For our decoration services, we mainly provide decoration work such as building balcony enclosures to property owners of the residential properties under our management. We generally provide such services through sub-contractors and charge a fixed amount fee for the work as agreed between the property owners and us. In addition, we also provide a referral service to introduce property owners and/or residents to qualified contractors for other decoration work and charge a fixed fee for each successful introduction that result in an agreement between contractors and the property owner or resident regarding the agreed work. For our furnishing services, we may purchase interior decorations, home appliances and accessories according to the property owners' or residents' preferences and budgets. Such products are generally purchased at wholesale prices and sold to property owners and/or residents at the properties that we manage at retail prices and record the difference as our profit.

Home Maintenance Services

We provide certain home maintenance services to property owners and/or residents, such as small home repair and maintenance work such as waterpipe fixing and air-conditioner cleaning. We provide such services through our employees. The property owners and residents can send us service requests in a number of ways, such as in-person scheduling with our frontline staff, through our E-asy Living (融e居) mobile application and phone calls to our service hotlines. Upon receiving the service request, we normally contact the property owner or resident to confirm the service details and agree on the service fee. Based on the confirmed details, we would dispatch our employees to provide the relevant service on-site. We recognize the entire service fee as our revenue and the costs related to the services as our cost of sales.

Joyful Leasing and Sale Service (和美租售)

The Joyful Leasing and Sale Service includes property agency services under which we assist property owners in search for buyers or tenants, marketing and liaising with potential buyers and tenants. We were able to leverage our relationship with property owners and residents in various residential communities under our management to market and to potential buyers and tenants. Typically, once the potential buyer or tenant reaches an agreement with respect to the sale or lease of the property with the property owner, we would help guide the property owner to complete the transaction. We generally charge our services on a fixed rate commission calculated as a percentage of sale price or rental income according to the contract agreed between the property owner and the buyer or tenant. Our fees are paid by the property owner or buyer or tenant according to the relevant contract between the property owner or the buyer or tenant and us.

Ancillary Services for Common Areas

We provide ancillary services for common areas, which mainly include advertising in and rental of common areas of the properties under our management. For example, we may place advertisements in common areas such as basements, elevators and exterior walls of buildings. We profit from our common area value-added services by collecting a portion of the fees on behalf of property owners in accordance with the relevant PRC laws and regulations and we generate revenue by receiving service fees as an agreed percentage stipulated in the property management service agreements. We enter into separate agreements with service buyers in relation to such services.

OUR RON-INTELLIGENT SERVICE PLATFORM AND MOBILE APPLICATIONS

With a view to optimizing our business model and improving our service quality and, with the help of the Internet and mobile applications, we have built an internal and integrated service platform named Ron-Intelligent service platform (融智管理平台) which connects to our two mobile applications, namely, our customer-facing mobile application named E-asy Living (融e居) and the other mobile application named E-asy Help (融e幫) mobile applications for our employees. This service platform help to collect, organize and store the various information and customer data relating to our property management services.

We designed the functions of our mobile application based on our understanding of the preferences and habits of property owners and residents through our frequent interactions with them with the aim to provide fast and convenient access to relevant service information. As of the Latest Practicable Date, we provided property owners and residents the following services through our E-asy Living (融e居) mobile application, which may include (i) intelligent access (智能門禁): property owners and residents can access the community or building with the mobile application; (ii) online payment: property owners and residents can pay property management fees on the mobile application through third-party payment channels; (iii) repair and maintenance: residents can request repair and maintenance services through the mobile application; (iv) community notices: property owners and residents can get notifications related to the property management services in the community; (v) service hotline: residents can contact our frontline staff through the mobile application; (vi) service feedback: residents can comment on our services through the mobile application and review the feedback and/or response; (vii) monthly report: property owners and residents can view the management service monthly report uploaded onto the mobile application by us; and (viii) community events: property owners and residents may receive notifications related to community events and register on the mobile application for on-site attendance. As of December 31, 2020, there were more than 80,000 registered users on our E-asy Living (融e居) mobile application. The average monthly active user on our E-asy Living (融e居) mobile application for 2020 were approximately 11,800. We provided part of our community shopping services through this mobile application. See "–Community Value-added Services–Community Shopping Services" in this section for more details on the services. According to our PRC Legal Advisors, as the third party through which we provided the online community shopping services has obtained the relevant licenses for value-added communication services, we are not required to obtain any other licenses such as any licenses relating to value-added telecommunication services for our offline or online community shopping services or to operate the mobile application.

Our E-asy Help (融e幫) mobile application is an internal application that allows our employees to receive the customer requests transmitted from our Ron-Intelligent service platform for timely handling, and also enables them to gain easy access to our standardized service policies and procedures to help our employees to provide quality services and training courses to help improve their professional knowledge and skills.

Data Management

We collect customer data to the extent necessary for us to provide our services. For example, customers need to provide their name, phone number and home address in order to register an account through our E-asy Living (融e居) mobile application. They may also need to provide additional information such as delivery addresses and contact information if they engage us for our community shopping services. We also collect relevant information on our customers through our daily operations with consents from the customers, as the customers are required to agree with our terms of use of our E-asy Living mobile application which permit us to collect and use their personal information in accordance with our privacy policy before such information is collected.

We strictly control the access to, and usage of, those data with any third party without prior consent of the customer. We have formulated and implemented internal policies to manage our systems, including the mobile application with respect to personal information and privacy control. Our employees' access to the relevant data storage systems are logged and inspected periodically, and are required to follow detailed procedures to safeguard the customers' personal information. Our employees also enter into non-disclosure agreements with us regarding customers' information that they may access or review through our systems. Our policies include guidance and procedures on technology security to prevent information leakage and to comply with the relevant PRC laws and regulations. In terms of data storage, we regularly classify and back up our system to ensure that the customer information are classified properly to avoid leakage and unintended access by outside parties or personnel without approval. In addition, we have designated personnel to handle any data-related concern or complaints and regularly monitor and address data security protection issues for internal departments. We generally retain customer data for 12 months which, as advised by our PRC

Legal Advisors, is not in violation of the relevant PRC laws and regulations. Based on the foregoing, our Directors consider that we have complied with the applicable data privacy laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

OUR BRANDS

We market our services under mainly two brands, namely, Ronshine Service (融信服務) and ROYEEDS (融御). We offer most of our property management services to residential and non-residential properties under the Ronshine Service brand, and property management services tailored for high-end residential and non-residential properties under the ROYEEDS (融御) brand. We believe these two brands are recognized in the PRC property management market and the quality services that we provide under them help us further enhance our market positioning and brand name with different groups of customers.

SALES AND MARKETING

The marketing departments at our headquarters and regional level are primarily responsible for developing our overall marketing strategy and objectives, conducting market research, and maintaining client relationships. Our investment and development center at our headquarters and market development department at the regional level is responsible for formulating our overall marketing strategies and relevant internal policies in relation to marketing and sales, organizing meetings between the sales and marketing personnel at the headquarters and/or among our branches and subsidiaries with respect to, among others, the implementation and coordination of marketing strategies in local markets. Our branches and subsidiaries are responsible for the execution of our marketing strategies at the local level, such as research and follow-ups on tender opportunities and marketing efforts on our brands and services. Such information channels may include, for example, websites or other platforms on which property developers, property owner associations, stated-owned enterprises, government agencies and commercial banks announce their tender opportunities, or uncovering business opportunities by way of in-depth market research, employee referrals, and recommendation or frequent communication with customers, local tendering agencies, and other industry players. In 2019 and 2020, approximately one-fourth of our bids for projects with independent third-party property developers were introduced to us through employees referrals, evidencing our brand recognition and employee network. We actively strive to form new and maintain existing business relationships with potential customers.

For the year ended December 31, 2018, 2019 and 2020, our total expenditures for sales and marketing amounted to RMB6.8 million, RMB6.5 million and RMB8.2 million, respectively.

CUSTOMERS

Overview

Our customer base primarily consists of property developers, property owners, residents and enterprise. We assess prospective customers by evaluating key factors such as, among others, estimated costs involved with the relevant property management services, GFA under management (as applicable), projected profitability as well as whether the property was previously managed on a lump sum or commission basis.

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

Business Lines	Major Customers
Property management services	Property developers and property owners
Value-added services to non-property Owners	Non-property owners, primarily including property developers and Customer A
Community value-added services	Property owners and residents

In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB214.2 million, RMB271.2 million and RMB409.4 million, respectively, accounting for 51.7%, 52.3% and 54.6% of our total revenue for the same years, respectively. During the Track Record Period, our largest customer was Ronshine China Group, to whom we provided property management services and value-added services to non-property owners. In 2018, 2019 and 2020, revenue generated from Ronshine China Group amounted to RMB134.8 million, RMB156.7 million and RMB268.8 million, respectively, accounting for 32.6%, 30.2% and 35.8% of our total revenue, respectively. The transactions with Ronshine China Group and their respective associates constituted connected transactions. Other than Ronshine China Group and their respective associates, our five largest customers during the Track Record Period were Independent Third Parties. During the Track Record Period and as of the Latest Practicable Date, save as disclosed below, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest customers. None of our largest five customers during the Track Record Period was our largest five suppliers.

See "Connected Transactions," "Relationship with Our Controlling Shareholders" and "Risk Factors—Risks Relating to Our Business and Industry—A majority of our revenue is generated from Ronshine China Group and its related parties, which are our connected persons and we do not have control over" in this prospectus for more information.

Our Top Five Customers

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

Ranking	Customer	Background Information	Principal place of business	Major services provided	Commencement of business relationship	Relationship with us	Credit term	Transaction amount[1]	Percentage of our total revenue
								RMB'000	*%*
1.	Ronshine China Group	A property developer in China	Fujian province	Property management services, value-added services to non-property owners and community value-added services	2014	Connected Person	monthly	134,820	32.6
2.	Customer A	A mobile operator in China	Nationwide, mainly in Fujian province, Yunnan and Guangxi Autonomous Region with respect to the services provided by us	Property management services, value-added services to non-property owners and community value-added services	2016	Independent Third Party	monthly	70,919	17.1
3.	Hairong (Zhangzhou) Real Estate Co., Ltd. (海融(漳州)房地產有限公司)[2]	A property developer in Fujian Province	Fujian province	Property management services and value-added services to non-property owners	2014	Connected Person	monthly	2,967	0.7
4.	Customer D	A college in Fujian Province	Fujian province	Property management services	2017	Independent Third Party	monthly	2,804	0.7
5.	Nanjing Kaijingsheng Real Estate Development Co., Ltd. (南京愷璟晟房地產開發有限公司)[3]	A property developer in Jiangsu Province	Jiangsu province	Property management services and value-added services to non-property owners	2018	Connected Person	monthly	2,675	0.6
							Total. . .	**214,185**	**51.7**

Notes:

(1) Refers to the transaction amount with the relevant customer.

(2) Ronshine China Group held 50% interest in Hairong (Zhangzhou) Real Estate Co., Ltd., a joint venture of Ronshine China Group.

(3) Ronshine China Group held 38.59% interest in Nanjing Kaijingsheng Real Estate Development Co., Ltd., a joint venture of Ronshine China Group.

The following table sets forth details of our top five customers in 2019:

Ranking	Customer	Background Information	Principal place of business	Major services provided	Commencement of business relationship	Relationship with us	Credit term	Transaction amount(1)	Percentage of our total revenue
								RMB'000	*%*
1.	Ronshine China Group	A property developer in China	Fujian province	Property management services, value-added services to non-property owners and community value-added services	2014	Connected Person	monthly	156,735	30.2
2.	Customer A	A mobile operator in China	Nationwide, mainly in Fujian province, Yunnan and Guangxi Autonomous Region with respect to the services provided by us	Property management services, value-added services to non-property owners and community value-added services	2016	Independent Third Party	monthly	102,820	19.8
3.	Hangzhou Ronghao Real Estate Co., Ltd. (杭州融浩置業有限公司)(2)	A property developer in Zhejiang Province	Zhejiang province	Value-added services to non-property owners	2018	Connected Person	monthly	5,004	1.0
4.	Nanjing Kaijingsheng Real Estate Development Co., Ltd. (南京愷璟晟房地產開發有限公司)(3)	A property developer in Jiangsu Province	Jiangsu province	Property management services and value-added services to non-property owners	2018	Connected Person	monthly	3,610	0.7
5.	Customer E	An offline advertising solution provider in Guangdong Province	Zhejiang province	Community value-added services	2014	Independent third party	half-yearly	3,044	0.6
							Total . . .	**271,213**	**52.3**

Notes:

(1) Refers to the transaction amount with the relevant customer.

(2) Ronshine China Group held 45.28% interest in Hangzhou Ronghao Real Estate Co., Ltd., a joint venture of Ronshine China Group.

(3) Ronshine China Group held 38.59% interest in Nanjing Kaijingsheng Real Estate Development Co., Ltd., a joint venture of Ronshine China Group.

The following table sets forth details of our top five customers in 2020:

Ranking	Customer	Background Information	Principal place of business	Major services provided	Commencement of business relationship	Relationship with Our Group	Credit term	Transaction amount[1]	Percentage of our total revenue
								RMB'000	*%*
1.	Ronshine China Group	A property developer in China	Fujian province	Property management services, value-added services to non-property owners and community value-added services	2014	Connected Person	monthly	268,828	35.8
2.	Customer A	A mobile operator in China	Nationwide, mainly in Fujian province, Yunnan and Guangxi Autonomous Region with respect to the services provided by us	Property management services, value-added services to non-property owners and community value-added services	2016	Independent Third Party	monthly	127,257	17.0
3.	Customer F	A bank in Tianjin	Tianjin province	Property management services	2019	Independent Third Party	monthly	4,856	0.6
4	Customer I	A hospital in Hebei province	Hebei province	Property management services	2019	Independent Third Party	monthly	4,274	0.6
5	Customer J	A property developer in Fujian province	Fujian province	Value-added services to non-property owners	2020	Independent Third Party	monthly	4,190	0.6
							Total . . .	**409,405**	**54.6**

Note:

(1) Refers to the transaction amount with the relevant customer.

See "—Property Management Services—Property Management Service Agreements" in this prospectus for the key terms of our service contracts.

SUPPLIERS

Overview

For all three of our business lines, our suppliers are primarily subcontractors located in China which provide cleaning, security, greening, certain repair and maintenance services and dispatched workers. We outsource those services to lower our cost of sale and improve our service quality. Our subcontractors specialize in the services they perform and operate in an efficient manner. We believe that such subcontracting arrangements allow us to leverage the human resources and technical expertise of our subcontractors, reduce our labor costs and enhance our overall profitability. In 2018, 2019 and 2020, our subcontracting costs amounted to RMB50.8 million, RMB52.7 million and RMB80.9 million, respectively, accounting for 16.9%, 15.0% and 15.1%, respectively, of our total cost of sales for the same years.

Other than Xiuyi (Fujian) Landscape Engineering Co., Ltd. (秀藝(福建)園林工程有限公司) ("Xiuyi Landscape") and Fujian Xiuyi Greening Management Co., Ltd (福建秀宜綠化管理有限公司) ("Xiuyi Greening"), our five largest suppliers during the Track Record Period were Independent Third Parties. Xiuyi Landscape and Xiuyi Greening are companies controlled by Mr. Ou, one of our Controlling Shareholders. Mr. Ou indirectly held 99% and 99% interest in Xiuyi Landscape and Xiuyi Greening, respectively. In 2019 and 2020, our Directors are of the view that the pricing of the transactions between our Group and Xiuyi Landscape, our Group and Xiuyi Greening was comparable to that of similar transactions between us and independent third-party suppliers to our Group, and transactions with Xiuyi Landscape and Xiuyi Greening were conducted on normal commercial terms. As of the Latest Practicable Date, other than Mr. Ou, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers. In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB20.3 million, RMB19.5 million and RMB28.6 million, respectively, accounting for 22.2%, 19.5% and 15.9% of our total purchases for the same years, respectively.

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

Ranking	Supplier	Background Information	Major services provided	Relationship with us	Commencement of business relationship	Transactional amount[(1)]	Percentage of total purchases
						RMB'000	*%*
1.	Supplier B	An cleaning company in Fujian province	Cleaning service	Independent Third Party	2017	4,791	5.3
2.	Supplier A	An cleaning company in Anhui province	Cleaning service	Independent Third Party	2017	4,652	5.1
3.	Supplier C	A cleaning company in Fujian province	Cleaning service	Independent Third Party	2017	4,120	4.5
4.	Supplier E	A landscape design company in Fujian province	Greening Service	Independent Third Party	2017	3,851	4.2
5.	Supplier F	A human resources company in Fujian province	Labor service	Independent Third Party	2017	2,836	3.1
					Total	**20,250**	**22.2**

The following table sets forth details of our top five suppliers in 2019:

Ranking	Supplier	Background Information	Major services provided	Relationship with Our Group	Commencement of business relationship	Transactional amount[(1)]	Percentage of total purchases
						RMB'000	*%*
1.	Xiuyi (Fujian) Landscape Engineering Co., Ltd. (秀藝(福建)園林工程有限公司)[(2)]	A landscaping company in Fujian province	Greening service	Connected Person	2018	4,411	4.4
2.	Supplier C	A cleaning company in Fujian province	Cleaning service	Independent Third Party	2017	4,089	4.1
3.	Supplier A	A cleaning company in Anhui province	Cleaning service	Independent Third Party	2017	4,019	4.0
4.	Supplier G	A cleaning company in Zhejiang province	Cleaning service	Independent Third Party	2018	3,573	3.6
5.	Supplier H	A cleaning company in Zhejiang province	Cleaning service	Independent Third Party	2018	3,402	3.4
					Total	**19,494**	**19.5**

Notes:

(1) Refers to the transaction amount with the relevant supplier.

(2) Mr. Ou indirectly held 99% interest in Xiuyi (Fujian) Landscape Engineering Co., Ltd.

The following table sets forth details of our top five suppliers in 2020:

Ranking	Supplier	Background Information	Major services provided	Relationship with Our Group	Commencement of business relationship	Transactional amount[(1)]	Percentage of total purchases
						RMB'000	*%*
1	Supplier J	A security company in Zhejiang province	Security service	Independent Third Party	2019	7,136	4.0%
2	Fujian Xiuyi Greening Management Co., Ltd. (福建秀宜綠化管理有限公司)[(2)]	A landscaping company in Fujian province	Greening service	Connected Person	2019	6,303	3.5%
3	Supplier H	A cleaning company in Zhejiang province	Cleaning service	Independent Third Party	2018	5,419	3.0%
4	Supplier L	A security company in Fujian province	Security service	Independent Third Party	2020	5,031	2.8%
5	Supplier I	A cleaning company in Tianjin	Cleaning service	Independent Third Party	2019	4,665	2.6%
					Total	**28,554**	**15.9%**

Notes:

(1) Refers to the transaction amount with the relevant supplier.

(2) Mr. Ou indirectly holds 99% equity interests in Fujian Xiuyi Greening Management Co., Ltd.

The payment to our suppliers are typically settled by wire transfer.

Overlapping of Customers and Suppliers

During the Track Record Period, one of our top five customers, Customer A, was also our supplier. We provided property management services, value added services to non-property owners, particularly the driving and vehicle dispatching and managing services, and community value-added services to this customer and received certain telecommunication services from it. For the year ended December 31, 2018, 2019 and 2020, the revenue generated from this customer amounted to RMB70.9 million, RMB102.8 million and RMB127.3 million, respectively, accounting for approximately 17.1%, 19.8% and 17.0% of our total revenue for the same years, respectively, and our subcontracting costs in relation to purchases from this customer amounted to RMB0.3 million, RMB0.4 million and RMB0.5 million, accounting for approximately 0.1% of our total costs of sales for each of the same years. Our Directors confirmed that these transactions were based on commercial terms which were reached through negotiations on an arm's length basis.

In 2020, Fujian Xiuyi Greening Management Co., Ltd. ("Fujian Xiuyi"), who was one of our top five suppliers, was also our customer in the same year for our community value-added services. In 2020, our subcontracting costs in relation to purchases from this customer amounted to RMB6.3 million, which accounts for 1.2% of our total costs of sales for this year, and the revenue generated from this customer was approximately RMB8,900, which was insignificant as compared to our revenue from value added services to non-property owners in the same year. The greening service provided to us by Fujian Xiuyi were not related to the services we provided to it.

Selection and Management of Our Subcontractors

We have formulated and implemented a detailed process for reviewing and selecting subcontractors for the provision of services to projects under our management. The team members of the relevant review teams may vary depending on the location and service requirement of the project, as we generally include local personnel with familiarity with the relevant project(s) as part of the review team to the extent possible. Our review and selection process mainly includes three levels of review: the first level is conducted by our field team, which conducts on-site screening of the potential candidates and prepares a pre-approved list of subcontractors; the second level is performed by our tender team, which sends the invitation to tender to the subcontractors on our pre-approved list and subsequently conducts the review based on our internal criteria, including but not limited to service quality, industry reputation, track record, qualifications, price and past work relationship with us, and prepares the internal reports for further review; and lastly, the third level is conducted by our evaluation team, which assesses the internal review reports and puts forth the recommended team for internal approval, and communicates the final approval results with the selected subcontractor.

We monitor and evaluate our subcontractors on a regular basis. Our management centers or relevant departments for each property management project are expected to inspect the work of subcontractors on regularly basis and fill the evaluation forms for record keeping. We will issue ratification notice and deduct contract sum payable if our subcontractor fails to adhere certain contract obligations. We organize periodical meetings to evaluate the subcontractors, grade the subcontractors based on evaluation forms and decide whether to terminate the contractual relationship. We have established internal policies and procedures with respect to subcontractor's prerequisite license and qualifications, our valuation standards, as well as management of complaints received about services provided by our subcontractors.

Key Terms of Our Subcontracting Agreements

Our subcontracting agreements typically include the following key terms:

- *Term*. Such agreements are typically signed for one-year term and may be renewed by mutual consent. We will consider re-engaging the subcontractors based on the quality of their services.

- *Performance standards*. The subcontracting agreement would set forth the scope and expected standards of the subcontractor's services, including areas to which the subcontracting services relate, frequency for such service and the types of inspections we require.

- *Our rights and obligations*. Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services, which may include, for example, the free use of office facilities. We generally pay subcontracting fees on a monthly or quarterly basis. We are generally entitled to collect damages for breach of contract or deduct subcontracting fees if our subcontractors fail to adhere to our performance scope and standards.

- *Rights and obligations of subcontractors*. Our subcontractors are responsible for obtaining all licenses, permits and certificates necessary for conducting their business operations in accordance with applicable laws and regulations. They also undertake to provide their services in accordance with the scope, frequency and standards of quality prescribed in the relevant subcontracting agreements.

- *Risk allocation*. Our subcontractors manage their own employees, with whom we have no employment relationship. Our subcontractors are responsible for purchasing necessary insurance for their own employees and compensating their own employees who suffer damages to person or property in the course of providing the contracted services. They are also responsible for damages to, or losses of, any person or property arising out of the default of such subcontractor in the course of providing the contracted services.

- *Procurement of raw materials*. Our subcontractors will generally procure their own tools and other raw materials required for providing their contracted services, unless specified otherwise in the agreement.

- *Termination and renewal*. We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate the agreement if our subcontractors fail to adhere to their rights and obligations, make repeated mistakes, and if we receive multiple genuine complaints from our customers in relation to their services. For those subcontracting agreements may be renewed, proposals to renew the agreements are generally made in writing 30 days before the agreements expire.

EFFECTS OF THE COVID-19 OUTBREAK

Effects of the COVID-19 Outbreak on Our Business Operations

An outbreak of respiratory illness caused by a novel coronavirus, which has been named as COVID-19 by the World Health Organization ("WHO") was identified in December 2019 and spread globally in early 2020. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. In response to the COVID-19 pandemic, the PRC government has imposed measures across the PRC including, but not limited to, travel restrictions and mandatory quarantine measures across various cities, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

As of the Latest Practicable Date, the COVID-19 outbreak had not materially affected our property management services. Since the outbreak of COVID-19 and up to the Latest Practicable Date, there were no material delays in delivery of properties for property management service we have contracted. As such, there has not been any material adverse effect from the COVID-19 outbreak on our provision of property management services, which is our main business line in 2020. Our Directors are also of the view that the economies of the PRC and the provinces and/or cities in which we have operations have generally recovered and the measures and policies instituted have a high chance of success in prevention against or management of any future outbreak. To the best of our Directors' knowledge, there had been no confirmed cases of COVID-19 infection of our staff as of the Latest Practicable Date. In the short-term, some of our value-added services to non-property owners and community value-added services were affected by the COVID-19 outbreak. In 2020, our gross profit margin from our (i) sales assistance services, and (ii) preliminary planning, design consultancy and pre-delivery services decreased as compared to 2019. The gross profit margins of our value-added services to non-property owners decreased from 43.7% for 2019 to 34.2% for 2020 primarily due to decrease in our sales assistance services and preliminary planning, design consultancy and pre-delivery services provided, resulting from the COVID-19 pandemic, which slowed down the planning, construction and/or pre-sales activities for certain properties to which we generally provide such services. See "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue—Revenue from Value-added Services to Non-property Owners" in this prospectus for more details. We believe such impact was immaterial on our overall business operation and financial performance as we achieved considerable growth in terms of revenue for community value-added services and value-added services to non-property owners in 2020, as compared to 2019. In 2019 and 2020, the revenue generated from provisions of value-added services to non-property owners amounted to RMB225.1 million and RMB368.2 million, respectively, representing 43.4% and 49.1% of our total revenue during the same years. In 2019 and 2020, the revenue generated from provisions of community value-added services amounted to RMB8.4 million and RMB14.9 million, respectively, representing 1.6% and 2.0%, respectively of our total revenue during the same years. In general, we anticipated that there will be no significant impact on our financial condition.

Unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, given the nature of our business operations, our Directors are of the view that the risk of our Group having to suspend our operations is remote. Based on the above, our Directors are of the view that, in the long run, no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak. In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control, due to the COVID-19 outbreak, we estimate our existing financial resources (including cash and bank balances and amounts due from related parties to be repaid before Listing) as of December 31, 2020 could satisfy our necessary costs for over 12 months. We also estimate that, in the unlikely event mentioned above and based on the assumptions below except that there would be 10.0% of the proceeds from the Global Offering as allocated for general business operations and working capital, our Group will remain financially viable for over 12 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) all of our staff, including operational and administrative staff, are encouraged to take unpaid leave under mutual consent or dismissed upon proper notice in accordance with the employment contract and no significant compensation is incurred; (iii) we may incur one-month staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iv) we will continue to incur the rental related payments including rentals, management fees and other miscellaneous charges that are paid monthly; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including basic headquarter office maintenance cost, utilities expenses, fees to be incurred as a listed company such as annual listing fee, annual audit fee, financial reports and compliance adviser fee); (vi) the expansion plan is delayed under such condition; (vii) there will be no further internal or external financing from our Shareholders or financial institutions; (viii) no further dividend will be declared and paid under such situation; (ix) our trade receivables will be settled based on historical settlement pattern while trade payables will be settled when due; and (x) there are no material changes in the near future that would significantly affect the aforementioned key assumptions. The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assess that the likelihood of such situation is remote. The actual impact from the outbreak of COVID-19 will depend on its subsequent development; therefore, there is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment.

Our Contingency Plan and Response towards the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have implemented a contingency plan and adopted enhanced hygiene and precautionary measures across our managed properties. As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced measures of approximately RMB1.3 million. This mainly represents the material costs for masks, ethanol hand wash, disinfectants and infrared thermometers. Our Directors believe that the additional costs associated with the enhanced measures, after taking into account the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as deduction of payment of social insurance contributions, would have no significant impact on our financial position for the year ending December 31, 2021.

Effects of the COVID-19 Outbreak on Our Business Strategies

According to CIA, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown across China but it will unlikely affect the regional macroeconomic development plan in the long term, and it is expected that once the outbreak is effectively controlled, the outlook for demand of property management services in the affected cities will remain positive. We therefore believe that our expansion plan as discussed in "—Business Strategies" is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak.

QUALITY CONTROL

We prioritize quality in our services and believe quality control is crucial to our long-term success and future prosperity. We have established comprehensive quality control procedures and internal quality control teams. Our quality control procedures cover various aspects of our property management services and our quality control teams consist of professional team members from different departments and roles to ensure that our services are reviewed and assessed from a number of angles for more comprehensive checks and analysis.

Quality Control of Our Property Management Services

We obtained, among others, the ISO 9001:2015 property management service certification, the ISO 14001:2015 environment management system certification, the OHSAS 45001:2018 occupation health and safety management system certification and the IEC27001:2013 information security and management system certification. See "—Occupational Health, Safety and Environmental Matters" below for more details. As advised by our PRC Legal Advisors, our Directors confirm that, as of the Latest Practicable Date, we had obtained all material licenses, permits, certificates and approvals from relevant authorities for our operations in the PRC. We are required to renew such licenses, permits and certificates from time to time. We do not expect any difficulties in obtaining such renewals as long as we meet the applicable requirements and conditions set by relevant laws and regulations.

To ensure the effective and consistent delivery of our high quality services, we have established various procedures and systems to monitor and maintain the quality of our services across all our managed projects.

- *Customer complaint management procedures*. We adopted standardized procedures to manage customers' complaints followed with three principles: (i) the timeliness principle, that we respond to the customer's complaints within 30 minutes and handle the issue within a reasonable time, in the event the issue persists beyond 24 hours, we conduct follow-up with the customer and provide periodic updates to ensure a workable solution is presented to and agreed with the customer; (ii) the good faith principle, that we are committed to our service obligations and require our staff to handle requests and issues with integrity and attention to details to ensure our customers receive quality services and proper solutions to issue; (iii) the profession principle, that we set detailed standards for handling, processing and following-up with customers, enabling us to maintain a professional attitude throughout the customer communications and consistently enhance customer experiences.

- *Customer feedback collection*. We keep tracking out customer' feedbacks on our service quality. We supervise and review the issue handling process in our internal claim and complaint report system or platforms, including 400 service hotline, mobile applications, and the e-mail address of the regional person-in-charge.

- *Field activity quality and standard inspection.* We conduct inspection remotely through video surveillance to monitor the performance of customer service and security service in order to improve the service quality and meet our customer's expectations.

- *Independent third-party surveys*. We involve independent professional institutions, such as Beijing Saiwei Consulting Co.,Ltd. (北京賽惟諮詢有限公司), to assist us in reviewing our service quality by independently conducting customer satisfaction surveys. According to Beijing Saiwei Consulting Co., Ltd., our customer satisfaction rate for property management services to residential properties was 84.0% for 2018, 86.0% for 2019 and 83.0% for 2020, exceeding the average customer satisfaction rates for the same services, which were approximately 71.0%, 73.0% and 74.0%, respectively.

To ensure consistent and high-quality services, we strive to standardize our property management services across all our managed projects. Also see "—Competitive Strengths" for more information.

Quality Control of Subcontractors

To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections on the subcontractors. We have developed our own subcontractor evaluation and control procedures and guidelines (供應商評審及控制工作指引) and procurement management guidelines (招標管理工作指引) and engage our subcontractors in accordance with standardized procedures as stipulated.

We regularly evaluate the performance of our subcontractors. Details of our internal quality control measures on the subcontractors are set as below:

- *Internal management review*. We regularly monitor and evaluate our subcontractors. Our management center or relevant departments for each property management project are expected to inspect the work of subcontractors on a daily, weekly and/or monthly basis and fill the evaluation forms for record keeping. We will issue ratification notice and deduct contract sum payable if our subcontractor fails to adhere certain contract obligations. We organize semi-annual and other periodical meetings to evaluate the subcontractors, grade the subcontractors based on evaluation forms and decide whether to terminate the contractual relationship.

- *Customer feedback collection*. We keep tracking our customers' feedback in relation to our subcontractors' performance through 400 service hotline, our mobile application and our official website.

If the subcontractor fails to meet our quality standards, we could deduct contract sum payable and terminate the contractual relationship if necessary.

Quality Control of Third-party Vendors

We implement a variety of measures and policies to ensure the quality of the products and services offered by third-party vendors, such as selecting vendors based on our internal quality control policy, screening candidate vendors with at least one on-site inspection before entering into cooperation agreements with them, and grading the quality of the products with on-going review. The products generally have warranties and vendors are also required to indemnify us for losses incurred due to their defective products. We also have the right to replace a third-party vendor in the event of underperformance.

Service Software

Mobile Applications

See "—Our Ron-Intelligent Service Platform and Mobile Applications" in this section for more details.

Customer Relationship Management (CRM) System

The CRM system is a data system developed by a third party and acquired by us for collecting, storing and managing relevant customers' information. The system is regularly updated based on the latest available customers' information, which mainly includes the basic profiles of the customers at the properties under our management, logs of relevant customer service requests and preferences and the payment status of the property management fees of customers. We believe that this system helps us to gain a better understanding about the preferences and demands of our customers as well as to check payment status.

Easy Building Automation (EBA) System

The EBA system is a remote equipment sensor system developed by a third party and acquired by us to help us better monitor facilities and equipments of the properties under our management, such as water and electricity supply and elevators, on an on-going basis. The EBA system may detect malfunctions and/or irregular functioning of equipment, raise alerts to our service personnel, and generate basic maintenance schedule reports to help identify and assess the issue. We can generally tailor this software system for the properties that we manage, allowing it be modified and implemented to monitor a number of local service systems or equipment, such as perform more in-depth data analysis to provide detailed assessment and reports to help us to better understand the service needs and provide quality services.

Feedback and Complaint Management

We believe that our customers are crucial to our business and value their feedbacks and suggestions. During the ordinary course of our business operations, we receive feedback, suggestions and complaints from property owners and residents of the properties we manage from time to time regarding our quality and effectiveness of services. In order to manage our customers' feedbacks and complaints in a timely and effectively manner, we provide a broad range of channels for customers to easily and quickly sending complaints and providing feedbacks, for example, a 400 service hotline, an email address of the regional person-in-charge available to the customers, a customer-oriented mobile application, and the open day policy. We record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our responses through such channels. Our internal procedures require us to respond to the customer's complaints within 30 minutes and handle the issue within a reasonable time, in the event the issue persists beyond 24 hours, conduct follow-up with the customer and provide periodic updates to the customer. See "—Quality Control—Quality Control of Our Property Management Services" in this section for more details.

Also see "—Our Ron-Intelligent Service Platform and Mobile Applications—Data Management" for details regarding our management of customers' data and privacy control.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

INTELLECTUAL PROPERTY

We regard our intellectual property rights material to our business. As of the Latest Practicable Date, we had registered four domain names and nine trademarks in the PRC, and had applied for registration of three trademarks in the PRC and three trademark in Hong Kong which, in the opinion of our Directors, are material to our business. See "Appendix IV—Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of Our Group" to this prospectus for more information. As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights.

AWARDS AND RECOGNITIONS

The following tables set forth some of the significant awards and recognitions we have received:

Year	Award/Recognition	Awarding entity
2021	The 19th among Top 100 Property Management Companies in 2021 (2021中國物業服務百強企業第19名)	China Index Academy
2021	The leading property management company among Top100 Property Management Companies in terms of service quality in 2021 (2021中國物業服務百強服務質量領先企業)	China Index Academy
2021	The leading property management companies in terms of marketalisation of business in 2021 (2021中國物業管理行業市場化運營領先企業)	China Index Academy
2021	The leading property management company in property management services provided to high-end properties in 2021 (2021中國高端物業服務領先企業)	China Index Academy
2020	The 20th among Top 100 Property Management Companies in 2020 (2020中國物業服務百強企業第20名)	China Index Academy

Year	Award/Recognition	Awarding entity
2020	The leading property management company among Top 100 Property Management Companies in terms of growth in 2020 (2020中國物業服務百強成長性領先企業)	China Index Academy
2020	The leading property management company among Top 100 Property Management Companies in terms of service quality in 2020 (2020中國物業服務百強服務質量領先企業)	China Index Academy
2020	The leading property management companies in terms of market operation in 2020 (2020中國物業管理行業市場化運營領先企業)	China Index Academy
2020	The leading property management company in property management services provided to high-end properties in 2020 (2020中國高端物業服務領先企業)	China Index Academy
2020	The leading property management company in providing tailored services (中國特色物業服務領先企業)	China Index Academy
2019	The 24th among Top 100 Property Management Companies in 2019 (2019中國物業服務百強企業第24名)	China Index Academy
2019	The best employer of China in 2019 (2019年度中國最佳僱主)	China Enterprise Association (Beijing) Human Resources Management Center (中企聯合(北京)人力資源管理中心)
2019	The leading property management company in marketing and operation (中國物業服務市場化運營領先品牌企業)	China Index Academy
2019	The 26th among property management companies in terms of brand value (物業服務企業品牌價值26強)	Jointly by China Property Management Institute and Shanghai E-house Real Estate Research Institute China Real Estate Evaluation Center (中國物業管理協會、上海易居房地產研究院中國房地產測評中心)

Year	Award/Recognition	Awarding entity
2019	Top 10 among Top 100 Property Management Companies in 2019 in terms of growth (中國物業服務百強企業成長性TOP10)	China Index Academy
2019	The project of Kong Que Lan Jun was named the excellent residential property management project in Hangzhou (孔雀藍郡榮獲"杭州市物業管理優秀住宅類項目")	Hangzhou Property Management Association (杭州市物業管理協會)
2018	The project of Ronshine Guan Shan Hai and the project of Wei Lai Cheng were named the model exemplary property management projects in Zhangzhou (融信觀山海 • 未來城小區 – "漳州市物業管理示範項目")	Housing and Urban-Rural Development Department of Zhangzhou (漳州市住房和城鄉建設局)
2016	The 26th in terms of community services and O2O with creative and integrative capacity (2016年度社區服務與O2O創新綜合能力榜單第26位)	CRIC Research Center (克爾瑞研究中心)
	The project of Ronshine Da Wei Cheng was awarded the title of "the pioneer workers" at municipal level (融信物業大衛城:市級"工人先鋒號")	Fuzhou General Labor Union (福州市總工會)
	The project of Ronshine Lan Jun and the project of Ronshine Lan Shan were named the model exemplary property management projects in Fujian province (融信物業瀾郡 • 瀾山 – "福建省物業管理示範項目")	Housing and Urban-Rural Development Department of Fujian Province (福建省住房和城鄉建設廳)
	The project of Ronshine Lan Yuan was named the model exemplary property management project in Zhangzhou (融信瀾園 – "漳州市物業管理示範項目")	Housing and Urban-Rural Development Department of Zhangzhou (漳州市住房和城鄉建設局)

COMPETITION

The property management industry in the PRC is intensely competitive and highly fragmented with a few sizeable companies and numerous small-sized market participants. Sizeable companies with professional knowledge, financial strength and background or affiliation with property developers are more competitive and are at a more advantageous position in the market. Therefore, although the PRC property management industry has relatively low entry barriers for the mid-tier and low-end segments, we believe that there are relatively higher entry barriers for the high-end segment.

As a reputable player in comprehensive property management segment, according to the CIA report, we primarily compete against large national, regional and local property management companies. We believe the core competitiveness lies in factors including, among other things, quality of services, business operation, price, financial resources, brand recognition and reputation. In 2021 and 2020, we were ranked 19th and 20th among the Top 100 Property Management Companies in terms of overall strength, respectively.

For more details about the industry and markets that we operate in, please refer to the section entitled "Industry Overview" in this prospectus.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. We have established occupational safety and sanitation systems, implemented the OHSAS 45001:2018 standards in our operations, and provided workplace safety trainings to employees on a regular basis to increase their awareness of work safety issues. We provide monthly training for our employees on occupational safety. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We consider the environmental protection important and are committed to operating our business in compliance with applicable environmental protection laws and regulations. We have implemented reasonable measures in the operation of our businesses to comply with all applicable requirements to ensure we meet the ISO 14001:2015 standard. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period, the waste water system at one of the properties under our management became defective due to bad weather, resulting in the discharge of waste water at a level that exceeded the relevant limit set by the Waste Water Treatment Law of the PRC. We were fined RMB0.4 million for failing to observe the abovementioned limit and had fully paid the fines as of the Latest Practicable Date. We conducted an interview with the relevant local authority, which our PRC Legal Advisors consider to be the competent authority for this incident, to confirm that the incident was not a material environmental pollution incident under the relevant PRC laws and regulations and that no further penalties would be imposed in connection with the incident. We also took immediate measures to repair the defective waste water system upon becoming aware of the issue and implemented a number of internal control measures to regularly monitor and test the system. As of the Latest Practicable Date, we had not encountered any material disputes or claims from any property owners and/or residents at the property in relation to the abovementioned issue. See "Risk Factors—Risks Relating to Our Business and Industry—We may be subject to fines for any failure to comply with national and local environmental, health and safety standards" in this prospectus for more discussions. Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC and is sufficient to cover our current operations. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) employee's pension insurance, medical insurance, maternity insurance, work injury insurance and unemployment insurance; (ii) employer's liability insurance for damages in relation with workplace injuries, accidents and occupational hazard involving our employees; (iii) personal liability accident insurance for our driving and vehicle dispatching and managing services; and (iv) public liability insurance.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. See "Risk Factors—Risks Relating to Our Business and Industry—Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation" and "Risk Factors—Risks Relating to Our Business and Industry—We face risks related to liabilities resulting from and losses relating to the provision of our driving and vehicle dispatching and managing services." in this prospectus for more discussions on the related risks.

EMPLOYEES

We believe that our quality personnel is our key to success and future development. We place strong emphasis on recruiting and training quality personnel. We recruit talent from various sources, such as employee referral, on-line job posting, universities and other companies, and provide on-going training and promotion opportunities to our staff members.

As of December 31, 2020, we had a total of 5,342 full time employees in the PRC. The following table sets forth a breakdown of our employees by function as of December 31, 2020:

Function	**Number of employees**	**% of our total employees**
Senior Management	18	0.3%
On-site property management services personnel	5,028	94.1%
Human Resources and Administration	74	1.4%
Quality Control	67	1.3%
Finance	46	0.9%
Marketing	47	0.9%
Value-added Service Management	39	0.7%
Strategies and Branding	15	0.3%
Legal and Risk Management	8	0.1%
Total	**5,342**	**100.0%**

The following table sets forth a breakdown of our employees by geographic location as of December 31, 2020:

Geographic location	**Number of employees**	**% of our total employees**
Western Straits Region	3,545	66.4%
Yangtze River Delta Region	1,366	25.6%
Other Regions	431	8.0%
Total	**5,342**	**100.0%**

We have set a comprehensive and detailed performance assessment process to facilitate more accurate evaluation of employee performance and boost productivity through granting of bonus and/or other incentives. We evaluate our employees from mainly four aspects, consisting of operational management, customer relationship, internal control and learning progress. Our human resources system and policies have help to build a cohesive corporate culture, which will not only attract talents but also help retain key employees for our business expansion.

As of the Latest Practicable Date, some of our employees belonged to local labor unions. These employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. Neither did we have any material disputes with our employees, or experience any strike, labor disputes or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

Recruiting

We rely on high quality personnel for our consistent delivery of high quality service. We endeavor to hire the best talented employees in the market by offering competitive wages, bonus, benefits, systematic training opportunities and internal upward mobility. During our recruiting process, we seek talent that is best suited to our vacancy by sourcing through a broad range of channels, including internal referral, on-line job posting and universities recruit. Our screening and selection process primarily include (i) review and screening of resumes by the human recourses department; (ii) telephone interview to understand the candidate and his expected salary; and (iii) face-to-face interview by the human recourse department and relevant recruiting department. Once qualified candidates are selected, we send offer letter to the candidate after the internal approval.

Training

We provide various systematic and extensive training programs to our employees. Our employee training programs primarily cover key areas in our business operations, which provide continuous training to our existing employees at different levels to specialize and strengthen their skill sets. The training programs are primarily classified into the following categories:

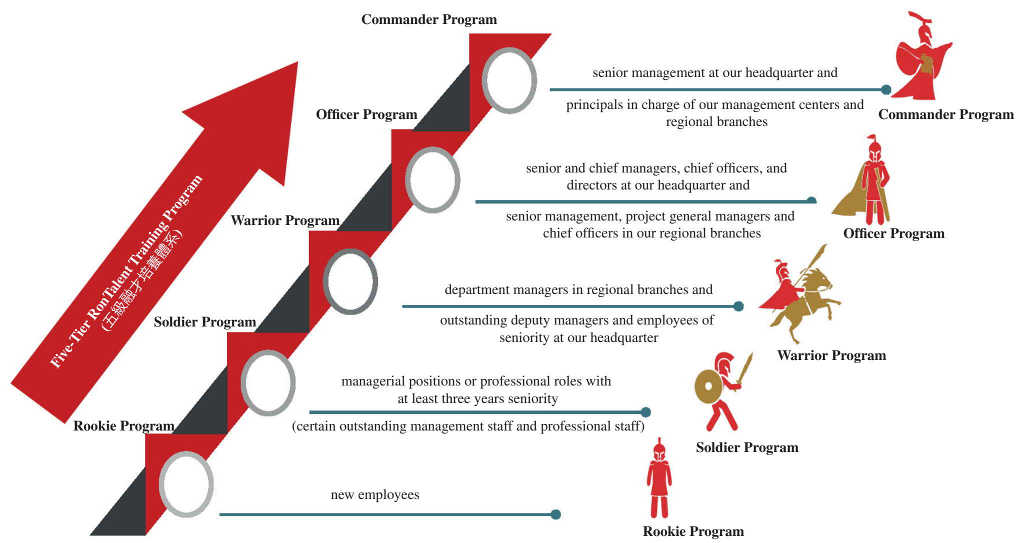
- *Orientation Trainings for New Employees:* A detailed orientation program is offered to new joiners for them to familiarize themselves with company's history, corporate culture, internal rules and policies and relevant knowledge with respect to property management services.

- *Routine Training*: All employees are encouraged to undergo continuing skills training. We provide them with trainings tailored to the needs of their position. The routine training are expected to be organized internally within the teams or departments. Each department or team is responsible for the periodic training courses and programs, catering towards different job specification.

- *Professional Qualification Training*: We offer professional qualification trainings toward our employees of professional expertise upon their application. We cooperate with professional training institutions to conduct training courses or send our employees to the training sessions organized by relevant national departments. The qualifications are in relation to, among others, the property management, the construction work, and the fire safety.

- *Driver training for employees providing driving and vehicle dispatching and managing services*: We regularly provide comprehensive training classes for the drivers providing our driving and vehicle dispatching and managing services. Such training may include but is not limited to, skill training for drivers to learn and improve their knowledge base and skills relating to safety, vehicle maintenance and emergency roadside repair; knowledge training to help drivers to stay informed about relevant changes in law and regulations for our driving and vehicle dispatching and managing services as well as mechanical knowledge related to vehicles that our drivers may service; and any other relevant trainings that may be required to maintain and/or renew their licenses and qualifications.

- *The "Five-Tier RonTalent Training Program" (五級融才培養體系)*: We provide a five-tier training program for different level of employees, including (i) Rookie Program (新秀計劃), which focuses on the orientation and training for entry-level employees; (ii) Soldier Program (精兵計劃), which focuses on employees who are in managerial positions or certain professional roles, who generally have approximately three years of work experience; (iii) Warrior Program (勇士計劃), which focuses on department managers in our branches and subsidiaries, and deputy managers with outstanding work performance as well as employees with substantial work experience at our headquarters; (iv) Officer Program (良將計劃), which focuses on senior managers and officers and personnel in director positions at our headquarters, as well as senior management members, project general managers and chief officers at our branches; and (v) Commander Program (統帥計劃), which focuses on senior management members at our headquarters and officers in certain management roles at our branches and subsidiaries. We believe that our five-tier training program offers comprehensive and in-depth learning and training for employees in a wide variety of roles at different levels of our Group, which will help them to become more knowledgeable and skilled in their areas of practice to support our sustainable growth in the future.



We have established an internal learning system named RonTalent Management College (融才管理學院), which offers training courses on a wide variety of professional topics for employees at different levels of our Group. The courses can be offered on-site at our local offices or accessed through the E-asy Help (融e幫) mobile application by our employees at any time.

OUR BANK ACCOUNT AND CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our branches in their ordinary course of business in accordance with PRC laws and regulations. We have established a cash management policy to monitor/manage the work process of our branches and subsidiaries, including but not limited to, requiring the approval of opening bank account and cash payments from our headquarters, setting the upper cash limit on hand for our branches, setting deadlines for depositing their cash received in the bank accounts, taking stock of the bank accounts and checking the cash balances daily as well as reconciliating the accounts weekly to lower the risks associated with cash management. We have detailed cash management policy to regulate our cash management and bank deposits management to ensure security and the reasonable use of our cash. Details of our cash management policy are set out as follows:

Cash flow transactions	**Cash handling policies and internal control measures**
Receipt of property management fees, rent or other service fees from our customers	We have designated cashiers charged with cash collection at relevant properties. They will verify that the cash collected is the correct amount, deposit the cash collected to our bank account and submit report to our online management system on a daily basis. We require our branches to have separate bank accounts for cash inflow in relation to payments of property management fees, rent or other service fees and to deposit all cash they received in their bank accounts in a timely manner.
Payments made to our suppliers by our branches	Such payment shall be submitted by related personnel in writing and pre-approved by the responsible supervising personnel according to the authority assigned to them by our internal manual. Once approved, the relevant payments shall be wired through online bank accounts by internal accountants of our branches.
Cash transfers from our branches to our centralized bank account	We transfer the cash deposited in the bank accounts of our branches to our centralized bank account through a bank-corporation direct transfer channel.
Cash transfers from our centralized bank account to our branches	We set a cash level for the bank accounts of our branches and adjust the cash level as necessary and appropriate to facilitate the business operation of our branches. In the event that the actual cash levels at the bank accounts of our branches fall below the pre-determined cash level, we transfer cash from our Company's centralized bank account to the bank accounts of our branches to supplement the shortfall for our regular operation.

Cash flow transactions	Cash handling policies and internal control measures
Cash inventory and deposits	Our branches are required to reconcile and check bank balances on a daily basis. Our headquarters conduct bank balance and deposit check on a weekly basis and, where there is any inconsistency, require our branches to investigate and provide explanation and take punitive measures accordingly.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. For details of the major risks identified by our management, see the section entitled "Risk Factors—Risks Relating to Our Business and Industry" in this prospectus. We have implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from our operations. Details on risk management system, internal and external reviewing and reporting mechanism, remedial measures and contingency management (as applicable) have been codified in our policies.

In addition, we face various financial risks, including but not limited to credit and liquidity risks that arise during our ordinary course of business. See "Financial Information—Market Risks" in this prospectus for further discussion.

We strive to foster a strong compliance culture among our employees. To achieve such compliance culture and set the expectations for individual behavior across our Group, we adopted procedures and policies to ensure strict accountability of individual employees, and regularly conduct internal compliance checks and inspections and conduct compliance training.

PROPERTIES

As of the Latest Practicable Date, we did not own any properties in the PRC. As of the same date, we also leased 92 properties in various locations with an aggregated GFA of approximately 10,646.32 sq.m. for use as office and staff accommodation.

As of the Latest Practicable Date, we had not registered 79 lease agreements of our leased properties, which are used as office premise and staff accommodation with a total GFA of approximately 8,507.49 sq.m., with the local housing administration authority as required under PRC law, primarily due to lack of cooperation from the landlord in providing title certificate and proof of ownership and registering the lease agreement, which were beyond our control. According to the relevant PRC laws and regulations, we might be ordered to rectify this failure to register by competent authority and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 for each lease agreement may be imposed on us as a result. In the event that we are required to relocate from such leased property, given the nature of our operation, we believe that it would not be difficult for us to identify and relocate to an alternative premise and relocation would not result in any material disruptions to our business. Although we may incur additional relocation costs, our Directors are of the view that this would not have any material impact on our business, financial position and results of operations. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the lease agreement described above.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

CERTIFICATES, LICENSES AND PERMITS

We are required to obtain and maintain various certificates, licenses and permits in relations to our operations. See "Regulatory Overview" in this prospectus for more information about the material certificates, permits and licenses required for our business operations in the PRC. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses that are material for our operation, and all of such certificates, permits and licenses are within their respective effective periods. We are required to renew such certificates, permits and licenses from time to time. We do not expect any material difficulties in such renewals.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may be involved in legal proceedings or disputes in the ordinary course of business from time to time, such as contract disputes with our customers, subcontractors, suppliers and other parties. As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

Compliance

Save for the following historical non-compliance 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.

Failure to make full contributions to social insurance and housing provident funds

During the Track Record Period, we failed to make full contribution to the social insurance and housing provident funds for some of our employees of our subsidiaries and branches as required under the relevant PRC laws and regulations.

Reasons for non-compliance

The non-compliance incident took place mainly because (i) some of our employees chose not to make contribution to the social insurance and housing provident funds as they preferred not to bear their portion of the relevant contribution and (ii) the staff who were in charge of this matter did not fully understand the different regulatory requirements in certain areas where we operated.

Legal consequences and potential penalties

According to the relevant PRC laws and regulations, (i) if we fail to pay the full amount of social insurance contributions as required, the relevant PRC authorities may demand us to pay the outstanding contributions within a stipulated deadline and we may be liable for a late payment fee that equals to 0.05% of the outstanding amount of social insurance contributions for each day of the delay. If we fail to make such payments within the stipulated deadline, we may also be liable to a fine from one to three times of the amount of the outstanding amount of social insurance contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. If the payment is not made within such time limit, an application may be made to PRC courts for compulsory enforcement. In addition, we will be fined RMB10,000 to RMB50,000 for failing to make the housing provident fund registration within the prescribed time limit. Please see "Risk Factors—Risk Relating to Our Business and Industry—Failure to make adequate contributions to social insurance and housing provident funds for our employees as required by the PRC regulations may subject us to penalties."

Remedies and rectification measures taken and internal control measures adopted

Our Directors are of the view that such non-compliance would not have a material and adverse effect on our business and results of operations, considering that: (i) as of the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to pay any shortfalls or imposing any penalties with respect to social insurance and housing provident funds; (ii) we were not aware of any employee complaints nor have we received any demand, court filings or notices from any current or former employees regarding any outstanding social insurance or housing provident fund contributions as of the Latest Practicable Date; (iii) we had made the provisions in the amount of RMB0.7 million, RMB4.6 million and RMB10.4 million, respectively, for the years ended December 31, 2018, 2019 and 2020, in respect of the potential liabilities arising from such non-compliance; (iv) our undertaking to make contributions within a prescribed period if we receive any request from the relevant government authorities; (v) one of our Controlling Shareholders, Mr. Ou, agreed to provide an indemnity in favor of our Group to indemnify us against any claims, charges, fines and other liabilities arising from such non-compliance; and (vi) based on the foregoing, our PRC Legal Advisors had advised us that the risks that we would be penalized for such non-compliance by the relevant government authorities is remote.

In addition, we adopted various internal policies and procedures to ensure that we make full contribution relating to social insurance and housing provident funds under the relevant PRC laws and regulations. These internal policies and procedures include: (i) regularly communicating with relevant government authorities or agencies to ensure that our calculation and payment methods are in accordance with the relevant laws and regulations; (ii) regularly consulting external counsel to adequately understand and interpret the relevant PRC laws and regulations and timely identify any non-compliance issues, (iii) preparing periodic reports regarding our contribution progress, including contribution amounts, for review by our Board, and (iv) conducting internal trainings for our Directors, members of our senior management and relevant personnel responsible for complying with the social insurance and housing provident fund plans. Based on the above, our Directors are of the view that we have implemented adequate and effective enhanced internal control measures internally. We will also comply with the relevant PRC laws and regulations in respect to the contribution of social insurance and housing provident fund upon Listing.

Failure to comply with relevant regulations relating to pricing of electricity fees

During the Track Record Period, one of our subsidiaries failed to comply with the relevant PRC regulations relating to pricing of electricity fees by overcharging property owners and/or residents at two properties under our management electricity fees. We charged the public electricity fees in accordance with the preliminary property management service agreements that we had entered into with the relevant property developers. Pursuant to such agreements, we were allowed to charge electricity fees relating to common areas at the relevant properties and allocate such to relevant property owners and residents in accordance with the terms set forth in the agreements.

Reasons for the non-compliance

In March 2018, the NDRC issued the Circular to Reducing the Electricity Price for General Industry and Commerce (《國家發展改革委關於降低一般工商業電價有關事項的通知》) which provided that the electricity price for certain non-residential properties be lowered with effect from April 1, 2018. The relevant staff of our subsidiary failed to apply the price adjustment for a non-residential property in a timely manner which resulted in overcharges.

Pursuant to the Electric Power Law of the People's Republic of China (《中華人民共和國電力法》(2018年修訂)), enterprises are prohibited from charging electricity prices at a price that is higher than the government-set prices. The relevant staff of our subsidiary had erroneously included circuit loss fees in the electricity prices charged to property owners and/or residents at a new residential property when it was delivered to us for property management.

Legal consequences and potential penalties

For the abovementioned incident involving the non-residential property, according to the Pricing Law of the People's Republic of China (《中華人民共和國價格法》), where an enterprise fails to implement the government-set prices, it shall be required to make the relevant price adjustments (to effect the government-set prices), and failure to implement such adjustments shall result in illegal gains which shall be confiscated. It also provides that such enterprise may be fined for not more than five times of the excess charges. In serious cases, the enterprise may be ordered to suspend operations while rectification measures are carried out. Accordingly, we were fined in the amount of approximately RMB160,000 for overcharging the electricity fees.

For the abovementioned incident involving the residential property, according to the Electric Power Law of the People's Republic of China (Revised in 2018) (《中華人民共和國電力法》(2018年修訂)), any enterprise overcharging electricity fees at a price that is higher than the government-set prices for the relevant properties shall be given a disciplinary warning and ordered to return all excess charges, and that the enterprise may be imposed a fine of not more than five times of the amount of the excess charges.

We were fined a total of approximately RMB160,000 for overcharging the electricity fees by the relevant government authorities and had been ordered to repay the overcharged electricity fees to the relevant property owners and residents. According to the relevant PRC laws and regulations, our PRC Legal Advisors are of the view that we would not be subject to additional penalties or fines for the abovementioned incident as we had paid the above-mentioned fines and repaid the overcharged electricity fines.

Remedies and rectification measures taken and internal control measures adopted

We had fully paid the fines and repaid the overcharged fees to the property owners and/or residents as of the Latest Practicable Date. We had not received notice of any further penalty or any claims from the relevant property owners and/or residents in relation to these incidents as of the Latest Practicable Date. We have obtained confirmations letters from the relevant authorities, which our PRC Legal Advisors consider to be the competent regulatory authorities for these incidents, confirming that these incidents were not material non-compliance issues under the relevant PRC laws and regulations. According to our PRC Legal Advisors, based on the confirmation letters, these two incidents have been rectified in accordance with the relevant laws and regulations and no further penalties would be imposed by the relevant authorities.

In order to ensure our ongoing compliance with the relevant pricing regulations, we have implemented several internal control measures, including (i) designating personnel to regularly monitor changes in laws, regulations and/or policies issued by the relevant PRC Government to ensure that we have an up-to-date understanding of the applicable requirements and prices for the properties under our management as well as any requirements relating to the collection of electricity prices; and (ii) require relevant finance personnel to review the accuracy of the collected electricity fees and the compliance of such payments to utility suppliers in accordance with the relevant regulations before making such payments. Our independent internal control consultant has performed follow-up review after the relevant rectification measures have been adopted and no further recommendation was made.

OVERVIEW

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), Rongxin Yipin and Fumei International will, in aggregate, directly hold 75% of the issued share capital of our Company. Both Rongxin Yipin and Fumei International are wholly owned by Rongan Juxiang, the special purpose holding vehicle of the Family Trust, which in turn is wholly owned by HSBC International Trustee Limited as the trustee of the Family Trust. Mr. Ou, as the settlor and protector of the Family Trust, through Rongxin Yipin and Fumei International, controls more than 30% of the voting power at the general meeting of our Company. Accordingly, Mr. Ou, Rongxin Yipin and Fumei International are our Controlling Shareholders under the Listing Rules.

Mr. Ou is the chairman of the Board and an executive Director of our Company. Please see the section headed "Directors and Senior Management" in this prospectus for more details of Mr. Ou.

DELINEATION OF BUSINESS

Our Group is primarily engaged in the provision of property management services, value-added services to non-property owners and community value added-services.

As of the Latest Practicable Date, Mr. Ou was beneficially interested in approximately 66.77% of the total issued shares of Ronshine China, a company engaging in the business of property development whose shares are listed on the Stock Exchange (stock code: 3301). Mr. Ou also has equity interests in certain companies which are engaged in the businesses of landscape engineering and financial investment (together with the property development business conducted through Ronshine China Group, the "**Other Businesses**"). Taking into account the differences between such Other Businesses held by Mr. Ou and the business operations of our Group, our Directors are of the view that there is a clear business delineation between our business and Other Businesses. As a result, none of the business of the companies controlled by our Controlling Shareholders and their close associates would compete or is expected to compete, directly or indirectly, with the business of our Group which would require disclosure under Rule 8.10 of the Listing Rules. As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH RONSHINE CHINA GROUP

Our Group has a well-established and ongoing business relationship with Ronshine China Group.

Ronshine China Group is a large-scale and comprehensive property developer in the PRC primarily engaged in the development of mid- to high-end residential properties and commercial properties in cities in the Western Straits Region, Yangtze River Delta Economic Region and selected first- and second-tier cities in the PRC. In 2020, according to the Chinese Real Estate Industry Association, Ronshine China Group was ranked 21st among property developers in China, and recognized as one of the Top 10 property developers in China in terms of comprehensive development and one of the Top 10 property developers headquartered in Shanghai. According to its annual report of 2020, as of December 31, 2020, Ronshine China Group and its joint ventures and associated companies had a total of 247 property development projects and had a total land reserve of approximately 28.7 million sq.m.

Our Group and Ronshine China Group have a long and close business relationship. The development of our Group matches that of the development of the property development business of Ronshine China Group. Ronshine Property Management has been providing property management services to properties developed by Ronshine China Group since 2006, and we have since then established a strong foothold in the Western Straits Region and the Yantze River Delta Region and have been rapidly expanding into the Other Regions in the PRC market.

For each of the years ended December 31, 2018, 2019 and 2020, having considered the relatively small scale and/or location (which was not a focus of our then business strategies) of certain projects, we selectively participated in tender and bidding process organized by Ronshine China Group and its joint ventures and associates and secured and/or provided property management services to 75.0%, 76.0% and 78.6% of the new projects developed and delivered in the respective year/period by Ronshine China Group, respectively; and 100.0%, 66.67% and 30.0% of the new projects developed and delivered in the respective year/period by the joint ventures and associates of Ronshine China Group and companies beneficially owned by Mr. Ou, respectively, the decrease of which was due to the expanded cooperation of Ronshine China Group with more property developers, resulting in increased number of projects developed and delivered by joint ventures and associates of Ronshine China Group and competition with property management companies affiliated with the co-developers, which include leading players in the market. In aggregate, we secured and/or provided property management services to 83.3%, 75.0% and 65.8%, respectively, of the new projects developed and delivered by Roshine China Group, its joint ventures and associates and companies beneficially owned by Mr. Ou during the Track Record Period. Going forward, we will continue to adopt the same approach in respect of selectively participating in tender and bidding process organized by Ronshine China Group and its joint ventures and associates, considering factors like the project positioning, location, scale, the price range and the estimated profitability.

During the Track Record Period, most of our revenue and GFA under management for residential properties were contributed from residential properties developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou. In 2018, 2019 and 2020, the proportion of our total revenue generated from managing residential properties attributable to the residential properties developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou at the relevant time was 98.4%, 99.1% and 98.6%, respectively. As of December 31, 2018, 2019 and 2020, the proportion of our total GFA under management for residential properties attributable to the residential properties developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou at the relevant time was 97.4 %, 98.2% and 94.8%, respectively.

We consider our close business relationship between our Group and Ronshine China Group to be mutually beneficial and complementary. Over years of cooperation, both our Group and Ronshine China Group have developed a mutual and deep understanding of their respective business operations. Given the long and close relationship between our Group and Ronshine China Group, our Group is familiar with Ronshine China Group's specific requirements and expected deliverables, which helped to reduce communication costs, accumulate tacit knowledge of service provisions to Ronshine China Group, build mutual trust and has enabled us to constantly provide the high-quality property management services that met Ronshine China Group's specific requirements. In addition, our Group has always provided tailored quality services, which helped to enhance Ronshine China Group's brand image, thereby attracting more customers to purchase properties developed by Ronshine China Group, and will in turn likely bring more business to our Group and hence enable us to reinforce our existing market position. The selection of a property management company by Ronshine China Group depends on a number of factors, including but not limited to proven track record, operating history for similar projects, service quality, pricing level and alignment of the service proposal tendered with its demand. During the Track Record Period, our bidding success rate for projects developed by Ronshine China Group and Jointly Developed Projects was 93.3%, 100.0% and 100.0%, respectively. Going forward, based on our mutual and complementary business relationship, we consider that it may also not be in the best interest of Ronshine China Group to engage a new service provider to replace our Group, considering the time required and the uncertainties involved for Ronshine China Group to engage a new service provider which is able to provide equally satisfactory services in terms of quality and service scope. We consider we have competitive advantage which distinguishes us from our competitors and we believe we will continue to secure future engagements from Ronshine China Group.

Having considered the abovementioned factors, including (a) the long standing cooperation relationship between our Group and Ronshine China Group; (b) our Group's familiarity with Ronshine China Group's requirements and our Group's capability to provide services with quality; and (c) the mutual benefits for both our Group and Ronshine China Group to maintain such reciprocal relationship, our Directors are of the view that the current relationship between our Group and Ronshine China Group is unlikely to be materially adversely changed or terminated. It is therefore expected that Ronshine China Group will continue to engage our Group and our Group will continue to provide to Ronshine China Group property management and related services after Listing. See “Connected Transactions” for details.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after the Listing for the following reasons:

Management Independence

Our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Ou is an executive director, the chairman of the board and the chief executive officer of Ronshine China and a director of various subsidiaries of Ronshine China. He is also a director of our corporate Controlling Shareholders, namely, Rongxin Yipin and Fumei International. Ms. Lin Liqiong, our non-executive Director, is the general manager of the financial capital center of Rongxin (Fujian) Investment Company Limited, a subsidiary of Ronshine China.

Save as disclosed above, none of our Directors holds any directorship or senior management role in companies controlled by Mr. Ou and his close associates. Although Mr. Ou is also an executive Director and chairman of the Board of our Company, and Ms. Lin Liqiong is a non-executive Director, when performing their respective duties, they have been and will continue to be supported by the separate and independent senior management teams in our Group and Ronshine China Group.

In the event that any Director, including Mr. Ou, is required to absent himself or herself from voting on matters relating to our Company due to potential conflicts of interest, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the overlapping Directors, our Directors, including the independent non-executive Directors, are of the view that there are sufficient and effective control mechanisms to ensure that our Directors shall discharge their duties appropriately and safeguard the interests of our Shareholders as a whole and our Board is able to manage our business independently from our Controlling Shareholders or their respective close associates for the following reasons:

(a) none of the business undertaken or carried on by our Controlling Shareholders or their respective close associates outside of our Group competes with our business, and there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. Therefore, the dual roles assumed by Mr. Ou will not affect the requisite degree of impartiality of our executive Directors in discharging their fiduciary duties owed to our Company;

(b) we have three independent non-executive Directors, and certain matters of our Company, including continuing connected transactions must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(c) each of our Directors is aware of his or her fiduciary duties as a director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his or her personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates has a personal material interest and shall not be counted in the quorum present at the particular Board meeting. Therefore, in the event of a conflict of interest, the relevant Director will abstain from voting and will be excluded from deliberation by our Board. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested. We believe all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interest. Please see "Directors and Senior Management – Board of Directors" in this prospectus for a summary of the relevant experience and qualifications of our Directors.

Operational Independence

The business operations of our Group are carried out separately from the Other Businesses operated by our Controlling Shareholders. We have full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after the Listing.

We have been able to maintain a diversified customer base. The majority of our revenue is from customers who are third-party property owners and/or resident or third-party property developers independent from our Controlling Shareholders or their respective close associates.

The following tables set forth a breakdown of our total number of projects and GFA under management as well as our total undelivered GFA as of the dates indicated, and revenue generated from property management services for the periods indicated, by the type of property developer:

	As of or for the year ended December 31,														
	2018					2019					2020				
Property management services	Number of projects under management	GFA under management	Revenue		Undelivered GFA[3]	Number of projects under management	GFA under management	Revenue		Undelivered GFA[3]	Number of projects under management	GFA under management	Revenue		Undelivered GFA[3]
		(sq.m'000)	(RMB'000)	%	(sq.m'000)		(sq.m'000)	(RMB'000)	%	(sq.m'000)		(sq.m'000)	(RMB'000)	%	(sq.m'000)
Projects developed by Ronshine China Group[1]	35	5,966	176,488	74.6	6,544	54	8,467	206,677	72.6	7,581	74	11,030	249,068	67.8	8,705
Jointly Developed Projects[2]	5	391	4,074	1.7	2,677	7	747	8,657	3.0	2,791	7	1,362	16,487	4.5	3,853
Subtotal	40	6,357	180,552	76.3	9,221	61	9,214	215,334	75.6	10,372	81	12,392	265,555	72.3	12,558
Projects developed by independent third-party property developers	16	4,210	56,035	23.7	1,000	29	6,665	69,669	24.4	1,309	38	7,538	101,751	27.7	5,711
Total	56	10,567	236,597	100.0	10,221	90	15,879	285,003	100.0	11,681	119	19,930	367,306	100.0	18,269

Notes:

(1) Refers to projects developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

(3) For clarity sake, the undelivered GFA did not generate any revenue.

Licenses required for operation

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

Access to customers, suppliers and business partners

Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as our other business partners.

Operational facilities

All the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and their respective close associates.

Employees

We have our independent team of quality personnel, among whom have rich industry experience in property management and are qualified with property management related certificates. We recruit our employees independently and primarily through various channels, such as universities, third-party recruitment agency and other companies.

Connected transactions with our Controlling Shareholders or their associates

The section entitled "Connected Transactions" in this prospectus sets out the continuing connected transactions between our Group and our Controlling Shareholders or their respective associates which will continue after the completion of the Listing. All such transactions are determined after arm's length negotiations and on normal commercial terms. In determining the fees for services between our Group and our Controlling Shareholders or their respective associates, factors such as location and condition of the project, the service scope, labor and other costs, and prevailing market rates are taken into consideration where applicable.

As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders and their respective associates at a reasonable percentage to our total revenues after the Listing. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

Our efforts in business expansions with Independent Third Parties

We began sourcing property management projects from independent third-party property developers since 2016. As of December 31, 2020, the GFA under management of properties developed by independent third-party property developers was approximately 7.5 million sq.m., representing approximately 37.8% of our total GFA under management.

We have established strong management team with extensive industry knowledge and experience and maintained marketing and development team at our headquarters and regional level as well as our branches and subsidiaries, and will continue to increase the resources and efforts in our business development. We have implemented various incentive measures in early 2018 to motivate and incentivize participation and efforts of the management and employees of our Group other than the marketing and development team to engage in our external business development efforts to secure engagements from independent customers. Such measures promote our access to a wider range of market information and opportunities for third-party projects. The incentive fee for the referrals has been determined based on a percentage of the annual contract price of the property management or a fixed amount in respect of the value-added service projects, payable upon commencement of the relevant projects. In 2019 and 2020, approximately one-fourth of our successful bids for projects with independent third-party property developers were introduced to us through employee referrals. Such projects were subsequently obtained through public tender process. Benefiting from the information extended through such referrals, we were able to seize the latest market opportunities as soon as they became public and be proactively prepared for the tender process, which we believe contributed to our bidding success rate.

We believe that our GFA under management and revenue attributable to Independent Third Parties will further increase in the long run.

(a) Property management services

Over the years of operation since 2014, we have gained extensive experience and reputation to secure property management service agreements from independent third-party property developers. According to CIA, in 2020 and 2021, we were ranked 20th and 19th, respectively, among the Top 100 Property Management Companies in the PRC in terms of overall strength. We also have a proven track record of being retained by the independent property owners independent from our Controlling Shareholders and their close associates. In 2018, 2019 and 2020, our retention rate for property management service agreements was 77.8%, 98.9% and 93.7%, respectively. Our quality services, brand recognition and customer satisfaction laid the foundation for our future business development and will continue to help us capture future business opportunities with third party customers.

During the Track Record Period, there was an increasing trend in the percentage of our property management revenue attributable to projects developed by Independent Third Parties. Since January 1, 2021 and up to the Latest Practicable Date, we submitted 19 bids for third-party property management projects, and had secured successful bids for 11 property management projects with an aggregated expected contracted GFA of approximately 2.0 million sq.m., of which seven property management service contracts with an aggregated contracted GFA of 2.0 million sq.m. had been signed as of the Latest Practicable Date. In addition, subsequently to the Track Record Period and up to the Latest Practicable Date, we also entered into nine property management service contracts with Independent Third Parties for projects obtained in 2020 or through direct negotiations, with an aggregate contracted GFA of 3.0 million sq.m.. Our Directors are of the view that the material terms and profit margin of such new property management projects from third-party property developers are comparable to those obtained during the Track Record Period, considering the performance of similar projects in the vicinity and the anticipated costs. We have been actively participating in tender and bidding processes organized by property owners' associations and independent third-party property developers, as well as pursuing cooperation opportunities with, and exploring acquisitions of, quality market players with regional competitive strength. We acquire the relevant information from multiple channels and actively communicate with independent third-party property developers, stated-owned enterprises and government agencies, in order to extensively explore potential target projects. We plan to use 60.0% of the proceeds from the Global Offering for future strategic investments and acquisitions details of which are set out in "Future Plans and Use of Proceeds". Considering the vast opportunities in the property management market, our experience and expertise, our achievement in expanding our services offerings to projects developed by Independent Third Parties via organic growth and our development strategy as detailed below, we believe that we are well-positioned to capture potential opportunities and could further expand our business in respect of projects developed by Independent Third Parties.

Going forward, we intend to, among others, (i) leveraging our brand reputation and track record, continue to secure new contracts by participating in the tendering and bidding process, in particular, for the public facilities projects and projects under the government's online public tender, (ii) enter into strategic cooperation arrangements with other independent third-party developers to fully collaborate and utilize their resources in the field of property management and related value-added services, and (iii) identify and acquire the property management company that has been managing properties developed by independent third-party developers. As a result, it is expected that we will continue to capture new contracts from Independent Third Parties, and our GFA under management in respect of properties developed by Independent Third Parties and revenue generated from services provided to Independent Third Parties will continue to increase.

(b) Value-added services to non-property owners

Since January 1, 2021 and up to the Latest Practicable Date, we had secured 12 new contracts for the provision of sale assistance service, preliminary planning and design consultancy services and pre-delivery services and other value-added services to Independent Third Party developers, being part of our value-added services to non-property owners. Such new engagements, most of which is expected to be completed in 2021 with the last to be completed by 2023, have an aggregate contract value of RMB105.6 million. We are also in the process of negotiating and/or pursuing the additional contracts with Independent Third Parties. According to CIA, it is fairly common for the property developers to engage their affiliated property management companies to provide value-added services. Despite so, we have secured certain projects from Independent Third Parties benefiting from our quality services and our brand recognition and will continue our efforts to identify potential projects through various channels and reach out to independent third-party developers for individual projects and cooperation opportunities.

We will continue to explore other business opportunities. As detailed in "Future Plans and Use of Proceeds", we plan to use approximately 60% of the net proceeds from the Global Offering to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships. We believe our future acquisitions of third-party property management companies may bring us additional sources of projects and more market opportunities in respect of value-added services, especially those with close cooperation or affiliation with third-party property developers that are of relatively small scale, as such developers may not have sufficient capability and experience to develop its own team of personnel to provide value-added services to non-property owners.

We will continue to expand our value-added services to independent third-party non-property owners. Historically, we have successfully operated the driving and vehicle dispatching and managing services to certain subsidiaries of Customer A, which is an Independent Third Party with a nationwide presence in the PRC. During the Track Record Period, such services were only provided to certain subsidiaries of the customer in the Western Straits Region of the PRC. Since October 1, 2020 and up to Latest Practicable Date, through continued efforts, we managed to secure from such customer new contracts for the provision of driving and vehicle dispatching and managing services to other regions, as well as a contract with a new customer in respect of the driving and vehicle dispatching and managing services. We will continue to explore the business opportunities of extending the geographical coverage and customer reach of our driving and vehicle dispatching and managing services and other value-added services.

We plan to utilize 11.0% of the net proceeds from Global Offering to further diversify our project portfolio mainly from Independent Third Parties and value-added services mainly to Independent Third Parties. We aim to offer additional service scope in addition to the existing value-added services to non-property owners to cater for various needs of our customers. Subsequent to the Track Record Period, we have launched certain new services, such as commercial operation services, food catering services and extra low voltage engineering services, and have been successfully contracted with independent third-party customers for new engagements. We plan to further expand our service offerings and, in this regard, have provided and would continue to provide training to our staff and hire personnel to support our service expansion. We believe that our capability to provide a wide range of value-added services on top of the traditional property management service will increase our competitiveness to obtain contracts from Independent Third Parties.

Leveraging our strengths in provision of the existing value-added services and considering the measures adopted, we are confident that our Group will be able to secure further engagements for value-added services to non-property owners from Independent Third Parties.

(c) Community value-added services

A substantial majority of our revenue of the community value-added services comes from Independent Third Parties, which increased significantly during the Track Record Period. As our total GFA under management of projects developed or owned by Independent Third Parties continues to increase, our Directors believe that the revenue of our community value-added services attributable to independent third-party customers will increase accordingly. In addition, in 2019, we launched Joyful life service (和美生活) and Joyful leasing and sale service (和美租售) to expand our value-added service offerings primarily to property owners and residents, which are independent from the Ronshine China Group. We plan to further upgrade and diversify value-added services, which may include travel agency services, moving services, elderly care, community health services, child education and customized services to enterprises and government and public agencies.

Based on the above, in particular, our efforts and achievements in securing projects from the Independent Third Parties, our Directors are of the view that the above measures are effective to further reduce our reliance on the Ronshine China Group.

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 also have an independent financial department with a team of independent financial staff responsible for discharging the treasury function.

All loans, advances and balances due to or from the Controlling Shareholders or their close associates which were not arising out of the ordinary course of business will be fully settled upon Listing. All share pledges and guarantees provided by or to the Controlling Shareholders or their close associates on the borrowings of our Group or borrowings of the Controlling Shareholders or their close associates had also been fully released as of the Latest Practicable Date.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from the Controlling Shareholders and their respective close associates upon Listing.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in the best interests of us and our Shareholders. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparation for the Global Offering, we have amended our Articles to comply with the Listing Rules. In particular, our Articles provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum for the voting;

(b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive, non-executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management – Board of Directors – Independent non-executive Directors" in this prospectus;

(d) the management structure of our Group includes our audit committee, remuneration committee and nomination committee, the written rules of each of which will require them to be alert to prospective conflict of interests and to formulate their proposals accordingly;

(e) pursuant to the Corporate Governance Code set out in Appendix 14 of the Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs; and

(f) we have appointed Haitong International Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, the directors, substantial shareholders and chief executive of our Company and our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was a director of our Company or our subsidiaries within 12 months preceding the Listing Date and any of their respective associates will be connected persons of our Company upon Listing.

Our Group has entered into a number of agreements with our connected persons the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

(A) Fully Exempt Continuing Connected Transactions

1. Trademark License

On November 3, 2020, our Company, Rongxin (Fujian) Investment Company Limited (融信(福建)投資集團有限公司) ("**Ronshine Fujian Investment**") and Fuzhou Shiou Property Development entered into a trademark license agreement (the "**Trademark License Agreement**"). Pursuant to the Trademark License Agreement, Ronshine Fujian Investment and Fuzhou Shiou Property Development agreed to irrevocably and unconditionally grant non-transferrable and non-exclusive licenses to use certain trademarks registered in the PRC for a perpetual term commencing from the date of the Trademark License Agreement on a royalty-free basis. For details of the licensed trademarks, please refer to "Appendix IV—Statutory and General Information—B. Further Information About Our Business—2. Intellectual Property Rights of Our Group" of this prospectus.

We believe that the entering into of the Trademark License Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and the Shareholders as a whole. The Sole Sponsor is of the view that it is normal business practice for agreement of this type to be of such duration.

As of the Latest Practicable Date, Ronshine Fujian Investment and Fuzhou Shiou Property Development are subsidiaries of Ronshine China which was indirectly owned as to approximately 66.77% by Mr. Ou, one of our Controlling Shareholders. Ronshine China is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark License Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licensed trademarks is granted to us on a royalty-free basis, the transaction under the Trademark License Agreement will be within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. Property Management Services

(1) Ronshine Property Management Services

During the Track Record Period, our Group was engaged by Ronshine China Group to provide pre-delivery property management services for its property projects at the pre-sale and pre-delivery stages. Pursuant to an agreement entered into with Ronshine China and Ronshine Shiou on November 23, 2018 ("**2018 Agreement**") to revise and renew the master pre-delivery property management agreement dated November 8, 2016, our Group agreed to provide pre-delivery property management services at the pre-sale and pre-delivery stages (including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services) to the property projects of Ronshine China in the PRC for a further term of two years from January 1, 2019 to December 31, 2020.

In contemplation of the Listing, on November 3, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into an amended and restated master property management and related services agreement with Ronshine China (for itself and on behalf of its subsidiaries) (the "**Master Ronshine Property Management and Related Services Agreement**") to amend and restate the 2018 Agreement, pursuant to which our Group agreed to provide property management and related services to the properties owned or used by Ronshine China Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by Ronshine China Group, (iv) value-added service primarily include house and facility repair and maintenance, marketing promotion, property agency services and (v) commercial operational services (the "**Ronshine Property Management and Related Services**"). The Master Ronshine Property Management and Related Services Agreement has a term commencing from November 3, 2020 to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

For the years ended December 31, 2018, 2019 and 2020, the transaction amounts for the Ronshine Property Management and Related Services provided by our Group to Ronshine China Group amounted to approximately RMB134.8 million, RMB156.7 million and RMB268.8 million, respectively. The transaction amounts for the Ronshine Property Management and Related Services increased substantially during the Track Record Period mainly due to (i) the increase in demand for Ronshine Property

Management and Related Services mainly considering that we were contracted by Ronshine China Group for 74 property management projects, 74 contracts for sales assistance services and 134 contracts for preliminary planning and design consultancy services and pre-delivery services as of December 31, 2020, as compared to the 32 property management projects, 37 contracts for sales assistance services and 9 contracts for preliminary planning and design consultancy services and pre-delivery services, respectively in 2017 and; (ii) the supporting services provided by our Group to Ronshine China Group which expands our service offering of sale assistance services.

The fees to be charged for the Ronshine Property Management and Related Services will be determined after arm's length negotiations with reference to prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials) and the prices charged by our Group for similar services provided to Independent Third Parties.

It is estimated that the annual cap amounts in relation to the Ronshine Property Management and Related Services for the two years ending December 31, 2022 will not exceed RMB342.0 million and RMB368.0 million, respectively. The expected increase in the annual caps for the Ronshine Property Management and Related Services as compared to the historical transaction amounts for the Track Record Period is primarily due to (i) the expected increase in GFA of the properties developed by Ronshine China Group which will be under our management for the two years ending December 31, 2022 as estimated with reference to our existing signed contracts for Ronshine Property Management and Related Services and our estimation of the future property development plans of Ronshine China Group; (ii) the estimated increase in the number of property sales offices and display units of Ronshine China Group, which would require our services for the two years ending December 31, 2022; (iii) the expected increase in related fees charged by us as we started to provide supporting services to Ronshine China Group's branch offices, as an extended scope of our sale assistance services, in the second half of 2020 as one of the value-added services to non-property owners. Further details for the expected increase in the annual caps for the Property Management and Related Services are set out below in this section.

(2) Mr. Ou Property Management Services

On June 18, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a master property management and related services agreement with Mr. Ou (the "**Master Mr. Ou Property Management and Related Services Agreement**"), pursuant to which, our Group agreed to provide to Mr. Ou's associates (excluding Ronshine China Group) (the "**Associates**") property management and related services to the properties owned or used by the Associates in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Associates, and (iv) value-added service primarily include house and facility repair and maintenance, marketing promotion, property agency services (the "**Mr. Ou Property Management and Related Services**"). The Master Mr. Ou Property Management and Related Services Agreement has a term commencing from the Listing Date to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

For the years ended December 31, 2018, 2019 and 2020, the transaction amounts for the Mr. Ou Property Management and Related Services provided by our Group to the Associates amounted to approximately RMB14.3 million, RMB28.9 million and RMB37.2 million, respectively. The transaction amounts for the Mr. Ou Property Management and Related Services increased substantially during the Track Record Period mainly due to the increased number of property projects developed by the Associates to which our Group provided the Mr. Ou Property Management and Related Services.

The fees to be charged for the Mr. Ou Property Management and Related Services will be determined after arm's length negotiations with reference to prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials) and the prices charged by our Group for providing similar services to Independent Third Parties.

It is expected that the annual cap amounts in relation to the Mr. Ou Property Management and Related Services for the two years ending December 31, 2022 will not exceed RMB46.0 million and RMB50.0 million, respectively.

As of the Latest Practicable Date, Ronshine China was indirectly owned as to approximately 66.77% by Mr. Ou, one of our Controlling Shareholders and is therefore an associate of Mr. Ou. Mr. Ou and his Associates are thus connected persons of our Company upon Listing. Accordingly, the transactions under the Master Ronshine Property Management and Related Services Agreement and the Master Mr. Ou Property Management and Related Services Agreement will constitute continuing connected transactions for our Company upon Listing.

Since the Ronshine Property Management and Related Services and the Mr. Ou Property Management and Related Services (the "**Property Management and Related Services**") are similar in nature, the transactions under the Master Ronshine Property Management and Related Services Agreement and the Master Mr. Ou Property Management and Related Services Agreement should be aggregated pursuant to the Listing Rules.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts during the Track Record Period;

- the transaction amount of the second half was greater than that of the first half for each year during the Track Record Period;

- the estimated revenue to be recognized based on the existing signed contracts. As of December 31, 2020, we were contracted to manage properties developed and yet to be delivered by Ronshine China Group and the Associates with a total contracted GFA of approximately 12.6 million sq.m.;

- the staff cost incurred for the related services during the Track Record Period;

- the estimated size and number of properties to be delivered by Ronshine China and the Associates and the size of their estimated number of car parking lots, based on the existing signed contracts and the properties under development and the land bank held by Ronshine China and the Associates as of December 31, 2020. According to the 2020 annual report of Ronshine China, as of December 31, 2020, Ronshine China Group and its joint ventures and associated companies had a total of 247 property development projects and had a total land reserve of approximately 28.7 million sq.m.;

- the estimated monthly management fee to be charged in respect of residential properties, shops or stores owned and used by Ronshine China and the Associates, which is based on the average monthly management fee charged for the year ended December 31, 2020; and

- the expected volume of sales, number of sales offices of Ronshine China and the Associates to be managed by our Group based on the total GFA of properties developed by Ronshine China and the Associates under our management during the Track Record Period, the properties under development held by Ronshine China and the Associates as of December 31, 2020 and the estimated time of pre-sales and delivery.

The expected increase in the annual caps for the Property Management and Related Services as compared to the historical transaction amounts for the Track Record Period is primarily due to (i) the expected increase in GFA of the properties developed by Ronshine China Group and the Associates which will be under our management for the two years ending December 31, 2022 as estimated with reference to our existing signed contracts for Property Management and Related Services and our estimation of the future property development plans of Ronshine China Group and the Associates. As at December 31, 2020, there had been 74 projects developed by Ronshine China Group under our management with a total GFA under management of 11.0 million sq.m., and it is estimated based on signed contracts that there will be 26 and 13 additional projects developed by Ronshine China Group to be delivered in 2021 and 2022, and the expected GFA of properties to be delivered for our management are 4.5 million sq.m. and 1.8 million sq.m., respectively. The demand in Property Management and Related Services increases accordingly; (ii) the estimated increase in the number of property sales offices and display units of Ronshine China Group and the Associates, which would require our services for the two years ending December 31, 2022. The number of the property sales offices and display units for projects developed by Ronshine China Group that were managed by our Group was 74 as of December 31, 2020 and the majority of the new projects as compared to 2019 are located in the first-tier or second-tier cities or areas where the unit service fees we charged are higher than those located in the third-tier or lower-tiered cities or areas. Based on the existing contracts on hand as of the Latest Practicable Date, we will have at least over 70 property sales offices and display units established by Ronshine China Group under our management in 2021. Considering the latest performance and the development plan of Ronshine China Group, it is estimated that the number of the property sales offices and display units under our management will further increase in the next two years; (iii) the expected increase in related fees charged by us as we started to provide supporting services to Ronshine China Group's branch offices, as an extended scope of our sale assistance services, in the second half of 2020 as one of the value-added services to non-property owners.

As each of the applicable percentage ratios (except for the profit ratio) under the Listing Rules in respect of the aggregated annual caps for the Property Management and Related Services is expected to be over 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) Waiver

The transactions described under the section headed "—(B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section constitutes our continuing connected transactions under the Listing Rules, which is subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules.

We have applied for, and the Stock Exchange has granted, waiver exempting from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules in respect of the non-exempt continuing connected transactions described above subject to the condition that the aggregate of such non-exempt continuing connected transactions for each financial year shall not exceed the relevant annual amounts stated above. Should there be any material changes to the terms thereunder, or should there be any other agreements to be entered into between our Group and the connected persons of our Company, or upon expiry of such waivers, we will comply with the applicable requirements under the Listing Rules and may apply for relevant waivers (where applicable).

Apart from the relevant requirements of which the waiver is sought, we will comply with the relevant requirements under Chapter 14A of the Listing Rules. If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements and Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

(D) Directors' Views

Our Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions described under the sections headed "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; and (iii) the annual caps thereof are fair and reasonable and in the interest of our Group and our Shareholders as a whole.

Save as disclosed in this section, our Directors currently do not expect that immediately following the Listing, there will be any other transaction which will constitute a continuing connected transaction of our Company under the Listing Rules.

(E) Sole Sponsor's View

The Sole Sponsor is of the view that the continuing connected transactions described under the sections headed "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" have been entered into in the ordinary and usual course of our business, are on normal commercial terms or better, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the transactions referred to in this section are fair and reasonable, and in the interest of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board is responsible and has general power for the management and conduct of our business. Our Board consists of seven Directors, of whom three are executive Directors, one is non-executive Director and three are independent non-executive Directors. The following table sets forth the information concerning our Directors:

Name	Age	Position(s) in our Company	Date of appointment as Director	Time of joining our Group	Roles and responsibilities in our Group
Mr. Ou Zonghong (歐宗洪)	51	Chairman of the Board and executive Director	April 14, 2020	April 14, 2020	Responsible for the overall strategic decisions, business planning and major business operation of our Group
Mr. Ma Xianghong (馬祥宏)	47	Executive Director and chief executive officer	September 22, 2020	October 8, 2016	Responsible for the overall business operations and management of our Group, and execution of the decisions of the Board
Ms. Lin Yi (林怡)	48	Executive Director, chief financial officer, and general manager of financial management center	September 22, 2020	June 10, 2014	Responsible for the financial management and internal control of our Group
Ms. Lin Liqiong (林麗瓊)	46	Non-executive Director	September 22, 2020	September 22, 2020	Responsible for the providing guidance for the overall operation of our Group

Name	Age	Position(s) in our Company	Date of appointment as Director	Time of joining our Group	Roles and responsibilities in our Group
Mr. Ye Azhong (葉阿忠)	58	Independent non-executive Director	June 10, 2021	June 10, 2021	Responsible for providing independent advice on the operations and management of our Group
Mr. Chen Zhangwang (陳章旺)	55	Independent non-executive Director	June 10, 2021	June 10, 2021	Responsible for providing independent advice on the operations and management of our Group
Mr. Kwok Kin Kwong Gary (郭建江)	44	Independent non-executive Director	June 10, 2021	June 10, 2021	Responsible for providing independent advice on the operations and management of our Group

Executive Directors

Mr. Ou Zonghong (歐宗洪), aged 51, was appointed as our Director on April 14, 2020. He was re-designated as our executive Director and appointed as the chairman of our Board on September 22, 2020. Mr. Ou is primarily responsible for the overall strategic decisions, business planning and major business operation of our Group. Mr. Ou has approximately 25 years of experience in the PRC property development, construction and management industries.

Mr. Ou is the founder of Ronshine China Group. On September 23, 2003, Mr. Ou established Rongxin (Fujian) Investment Company Limited (融信(福建)投資集團有限公司) (formerly known as Fujian Rongxin Real Estate Development Company Limited (福建融信房地產開發有限公司)), a subsidiary of Ronshine China, where he has been responsible for formulating its overall development strategy and daily operation. Mr. Ou has been the chairman of the board of directors, an executive director and the chief executive officer of Ronshine China since December 2014 where he has been primarily responsible for its overall development strategy and daily operation. Mr. Ou also holds directorship in various subsidiaries of Ronshine China which are primarily engaged in property development and business management consulting.

Prior to founding Ronshine China Group, Mr. Ou also established various companies in Fujian Province which were engaged in property development and construction, including Putian Transport Engineering Company Limited (莆田市交通工程有限公司) in August 1995 and Putian Transport and Real Estate Development Company Limited (莆田市交通房地產開發有限公司) in April 2000.

Mr. Ou was awarded the 2018 Hope Project Contribution Award (2018年度希望工程貢獻獎) by China Youth Development Foundation (中國青少年發展基金會) in December 2018, the 2016 China Most Socially Responsible Entrepreneur (中國最具社會責任企業家) and 2017 China Most Socially Responsible Entrepreneur by the Organizing Committee of China Employer Brand Forum (中國僱主品牌論壇組委會) in December 2016 and January 2018, respectively, the fourteenth and fifteenth sessions of the Excellent Entrepreneur of Fujian province (福建省優秀企業家) by Federation of Fujian Enterprise and Entrepreneur (福建省企業與企業家聯合會) in December 2011 and June 2014, respectively, and the Silver Award of the fifth session of Ten Young Entrepreneurs of Fujian (第五屆福建省十大傑出青年企業家銀獎) in April 2008.

Mr. Ma Xianghong (馬祥宏), aged 47, was appointed as our executive Director on September 22, 2020. Mr. Ma joined our Group on October 8, 2016 and has been serving as our chief executive officer since then. Mr. Ma is primarily responsible for our overall business operations and management, and execution of the decisions of the Board. Mr. Ma has approximately 21 years of management experience in the PRC real estate and property management services industries. Prior to joining our Group, from July 1993 to August 1999, Mr. Ma taught at Dianzi high school in Shiyan, Hubei Province, where he served as a director and vice principal. From September 1999 to September 2016, Mr. Ma held various positions at Gemdale Corporation (金地(集團)股份有限公司), a property development and property management company listed on the Shanghai Stock Exchange (stock code: 600383), where he last served as the assistant general manager of the property group and the general manager of its building engineering company, and was primarily responsible for property management, intelligent engineering and other related business.

Mr. Ma obtained a bachelor's degree in Chinese language and literature from Hubei University (湖北大學) in the PRC in June 2001, and a master degree of business administration from The Hong Kong Polytechnic University (香港理工大學) in Hong Kong in October 2014.

Ms. Lin Yi (林怡), aged 48, was appointed as our executive Director on September 22, 2020. Ms. Lin joined our Group on June 10, 2014 and was promoted to chief financial officer and general manager of financial capital management center in December 2019. Ms. Lin is primarily responsible for the financial management and the internal control of our Group. She has over 25 years of experience in financial operation and management. Prior to joining our Group, from March 1990 to June 2014, Ms. Lin held various positions at Fujian Tongchun

Pharmaceutical Co., Ltd (福建同春藥業股份有限公司), a company engaged in the manufacturing of medicine, medical supplies and health products, where she successively served as the deputy general manager of financial management and investment development department and a deputy general manager of its operation and management department, and was primarily responsible for the overall management of the department and accumulated extensive operation management experience.

Ms. Lin obtained an associate's degree in financial accounting from The Open University of Fujian (福建廣播電視大學) in the PRC in July 1995, and a bachelor's degree in human resources management from Fujian Agriculture and Forestry University (福建農林大學) in the PRC in June 2009. She was qualified as an Intermediate Accountant (中級會計師) by the Ministry of Finance (財政部) of the PRC in December 1996.

Non-executive Director

Ms. Lin Liqiong (林麗瓊), aged 46, was appointed as our non-executive Director on September 22, 2020 and is primarily responsible for providing guidance for the overall operation of our Group. Ms. Lin has over 22 years of experience in financial management. Since February 2006, Ms. Lin has held various positions at Rongxin (Fujian) Investment Company Limited (formerly known as Fujian Rongxin Real Estate Development Company Limited), where she is currently serving as the general manager of its financial capital center and is primarily responsible for its financial management. From August 2015 to November 2018, Ms. Lin was the general manager of the financial capital center at Fuzhou Yiheng Investment Company Limited (福州羿恒投資有限公司), an investment company, where she was primarily responsible for its financial management. From August 2008 to February 2012, Ms. Lin was a financial manager at Fuzhou Shiou Property Development, a property development company, where she was primarily responsible for its financial management. From April 1998 to February 2006, she was an accountant in charge at Putian Transport Engineering Company Limited (莆田市交通工程有限公司) and was primarily responsible for accounting management.

Ms. Lin obtained a bachelor's degree in financial accounting from Fujian Agriculture and Forestry University (福建農林大學) in the PRC in July 1998. She was qualified as an Intermediate Accountant (中級會計師) by the Ministry of Finance of the PRC in May 2005.

Independent Non-executive Directors

Mr. Ye Azhong (葉阿忠), aged 58, was appointed as an independent non-executive Director on June 10, 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Ye has over 30 years of experience in the research and teaching of economics. Since June 1988, Mr. Ye has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university. He was a visiting scholar at Fudan University (復旦大學) from May 2002 to January 2003.

Mr. Ye obtained a bachelor's degree in mathematics in October 1984, and a master's degree in mathematical statistics in June 1988, both from Nankai University (南開大學) in the PRC. He obtained a doctor's degree in quantitative economics from Tsinghua University (清華大學) in the PRC in January 2002. Mr. Ye was qualified as a Professor of Economics (經濟學專業教授) in July 2003 by the Department of Personnel of Fujian Province (福建省人事廳).

Mr. Chen Zhangwang (陳章旺), aged 55, was appointed as an independent non-executive Director on June 10, 2021. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Chen has over 34 years of experience in the research and teaching of economics.

Since July 1986, Mr. Chen has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university.

From December 2013 to December 2019, Mr. Chen served as an independent director at CEEPOWER Co., Ltd. (中能電氣股份有限公司), a power equipment and solution provider listed on the Shenzhen Stock Exchange GEM (stock code: 300062).

Mr. Chen obtained a bachelor's degree in business enterprise management from Hangzhou College of Commerce (杭州商學院) (now known as Zhejiang Gongshang University (浙江工商大學)) in the PRC in July 1986, and a master's degree in business administration from The Open University of Hong Kong (香港公開大學) in Hong Kong in December 2000.

Mr. Kwok Kin Kwong Gary (郭建江), aged 44, was appointed as an independent non-executive Director on June 10, 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Kwok has over 20 years of experience in the financial service industry. Since January 2020, Mr. Kwok has been the chief financial officer in Changyou Alliance Group Limited (formerly known as Fortunet e-Commerce Group Limited), a digital point ecosystem alliance operational platform listed on the Main Board of the Stock Exchange (stock code: 1039), where he was primarily responsible for financial reporting. From May 2019 to January 2020, Mr. Kwok was a joint company secretary in Dafa Properties Group Limited, a property development company listed on the Main Board of the Stock Exchange (stock code: 6111), and was the chief financial officer of Yinyi Holdings (Hong Kong) Limited, a subsidiary of Dafa Properties Group Limited from September 2018 to January 2020. From December 2017 to September 2018, Mr. Kwok was the chief financial officer in SBI BITS (Hong Kong) Limited (思佰益必智香港有限公司), a financial technology company, where he was primarily responsible for financial reporting. From January 2004 to June 2012, Mr. Kwok held various positions in CITIC International Assets Management Limited (中信國際資產管理有限公司), an asset management company, where he last served as deputy general manager and was primarily responsible for overseeing investment. From September 2000 to January 2004, Mr. Kwok worked at various financial services providers including Ka Wah Capital Limited (嘉華金融有限公司) (currently known as CITIC Securities Corporate Finance (HK) Limited (中信證券融資(香港)有限公司)), BOCI

Asia Limited (中銀國際(亞洲)有限公司) and WAG Management Consultancy Limited (華高管理有限公司) as an analyst, an associate and a senior analyst (last position held), respectively. From September 1998 to August 2000, Mr. Kwok was a staff accountant at Deloitte Touche Tohmatsu.

In addition, Mr. Kwok holds or had held directorship in several listed companies in the last three years. Since April 2020, he has been serving as an independent non-executive director at Singapore Food Holdings Limited (新加坡美食控股有限公司), a food and beverage company listed on the Main Board of the Stock Exchange (stock code: 8496). Since May 2017, he has been serving as an independent non-executive director at Sichuan Energy Investment Development Co., Ltd. (四川能投發展股份有限公司), a power supplier and service provider listed on the Main Board of the Stock Exchange (stock code: 1713). From July 2012 to December 2017, he successively served as the chief financial officer and an executive director and company secretary in TTG Fintech Limited (currently known as Fintech Chain Limited), a financial technology company listed on the Australian Securities Exchange (stock code: FTC).

Mr. Kwok obtained a bachelor's degree in business administration from the Chinese University of Hong Kong (香港中文大學) in Hong Kong in December 1998. He has been a member of HKICPA since February 2005.

Saved as disclosed in this section above, none of our Directors has any other directorships in any other companies listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus. Save as disclosed above, none of our Directors holds other position with our Company or its subsidiaries.

Saved as disclosed in this section above, each of our Directors has confirmed that there are no other matters relating to his appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our executive Directors and the following member of senior management are responsible for the day-to-day management of our business. For the biographical details of our executive Directors, please see "—Executive Directors" in this section. The following table sets out certain information concerning our senior management.

Name	Age	Position	Time of Joining our Group	Date of Appointment to current position	Roles and responsibilities in our Group
Mr. Cai Litang (蔡禮堂)	46	Vice president	July 16, 2012	December 9, 2019	Responsible for the strategic planning and branding, information technology development, and business operations of our Group

Mr. Cai Litang (蔡禮堂), aged 46, joined our Group on July 16, 2012 as a general manager and was promoted to vice president on December 9, 2019, and is primarily responsible for the strategic planning and branding, information technology development, and business operations. Mr. Cai has over 19 years of experience in property management industry. Prior to joining our Group, from July 2009 to July 2012, Mr. Cai was a deputy general manager at Fuzhou Taihe Property Management Co., Ltd (福州泰禾物業管理有限公司), a property management company, where he was responsible for its daily operation and management. From November 2006 to July 2009, he was a project manager at Guangzhou Vanke Property Service Co., Ltd (廣州萬科物業服務有限公司), a property management company, where he was responsible for its management of the regional project. From April 2005 to October 2006, he was a project manager at Guangzhou Sun Property Services Co., Ltd. (廣州錦日物業服務有限公司), a property management company, where he was responsible for its regional project management.

Mr. Cai obtained a bachelor's degree in administration management from Sun Yat-sen University (中山大學) in the PRC in December 2005, and a master's degree in business administration from Hebei University of Technology (河北工業大學) in the PRC in January 2019. He also obtained the Senior Economist Certificate (高級經濟師證) from the Department of Human Resources and Social Security of Fujian Province (福建省人力資源與社會保障廳) in March 2019.

Mr. Cai has not been a director of any listed companies during the three years immediately preceding the date of this document.

None of our Directors and senior management is personally related to any of our Directors, senior management, substantial shareholders or Controlling Shareholders.

JOINT COMPANY SECRETARIES

Ms. Lin Yi (林怡), aged 48, was appointed as our joint company secretary on September 22, 2020. See "—Board of Directors" in this section for more details of her background.

Ms. Ng Wing Shan (吳詠珊), aged 43, was appointed as our joint company secretary on September 22, 2020. Ms. Ng is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and is responsible for assisting listed companies in company secretarial work. She has over 10 years of professional experience in the company secretarial field and is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

BOARD COMMITTEES

Audit Committee

Our Group established an audit committee on June 10, 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules. The audit committee consists of all the independent non-executive Directors, namely, Mr. Kwok Kin Kwong Gary, Mr. Ye Azhong and Mr. Chen Zhangwang. Mr. Kwok Kin Kwong Gary is the chairman of the audit committee. The primary duties of the audit committee including, among others, (i) reviewing effectiveness of our Group's financial reporting processes, internal control and risk management systems, (ii) reviewing the financial information of our Group; (iii) providing advice and comments to our Board; and (iv) performing other duties and responsibilities as may be assigned by our Board.

Remuneration Committee

Our Group established a remuneration committee on June 10, 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code. The remuneration committee consists of three members, namely, Mr. Chen Zhangwang, Mr. Ou Zonghong and Mr. Ye Azhong. Mr. Chen Zhangwang is the chairman of the remuneration committee. The primary duties of the remuneration include, among others, (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Group also established a nomination committee on June 10, 2021 with written terms of reference in compliance with paragraph A.5 of the CG Code. The nomination committee consists of three members, namely Mr. Ou Zonghong, Mr. Ye Azhong and Mr. Chen Zhangwang. Mr. Ou Zonghong is the chairman of the nomination committee. The primary duties of the nomination committee include, among others, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

Corporate Governance

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code. Our Company is committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board currently comprises of seven members, including one female executive Director and one female non-executive Director. Our Directors also have a balanced mix of knowledge, skills and experience, including commercial property operation, overall business management, finance and investment. They have obtained tertiary degrees in various majors including Chinese language and literature, financial accounting, human resources management, economics and business administration. We have three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members.

We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of two female Directors out of a total of seven Board members, we consider that the composition of our Board satisfies our board diversity policy.

Our nomination committee is responsible for ensuring the diversity of our Board members. After Listing, our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate remuneration (including fees, salaries, and housing allowances and attributions to a retirement benefit scheme) paid to our Directors for each of the year ended December 31, 2018, 2019 and 2020 was approximately RMB4.5 million, RMB5.4 million and RMB7.3 million, respectively. Save as disclosed in the sections headed "Appendix I – Accountant's Report" and "Appendix IV – Statutory and General Information" in 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.

The aggregate remuneration (including wages, salaries, bonus, pension costs, housing funds, medical insurance and other social insurances) paid to our five highest paid individuals in respect of each of the year ended December 31, 2018, 2019 and 2020 was approximately RMB6.9 million, RMB8.0 million and RMB10.6 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the year ended December 31, 2018, 2019 and 2020. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, allowances and other benefits, retirement benefit scheme contributions and performance related bonus) of our Directors for the year ending December 31, 2021 is estimated to be no more than RMB6.5 million. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPLIANCE ADVISOR

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Haitong International Capital Limited as our compliance advisor to provide advisory services to our Company. It is expected that the compliance advisor will, amongst other things, advise our Company with due care and skill on the following matters:

- before the publication of any regulatory announcement, circular and financial report;

- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues and share repurchases;

- where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviated 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 and such appointment may be subject to extension by mutual agreement.

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of Interest	Shares held as of the date of this prospectus immediately prior to the completion of the Capitalization Issue and Global Offering (1)		Shares held immediately following the completion of the Capitalization Issue and Global Offering (1)	
		Number	*Percentage*	*Number*	*Percentage*
Mr. Ou(2)	Founder of a trust	100 (L)	100%	375,000,000 (L)	75%
HSBC International Trustee Limited(2)	Trustee of a trust	100 (L)	100%	375,000,000 (L)	75%
Rongan Juxiang(2)	Interest in a controlled corporation	100 (L)	100%	375,000,000 (L)	75%
Rongxin Yipin(2)	Beneficial owner	80 (L)	80%	300,000,000 (L)	60%
Fumei International(2)	Beneficial owner	20 (L)	20%	75,000,000 (L)	15%

Notes:

(1) The letter "L" denotes a long position in our Shares.

(2) Both Rongxin Yipin and Fumei International are wholly owned by Rongan Juxiang, the special purpose holding vehicle of the Family Trust, which in turn is wholly owned by HSBC International Trustee Limited as the trustee of the Family Trust, a discretionary and irrevocable trust set up by Mr. Ou as the settlor and protector. Mr. Ou through Rongxin Yipin and Fumei International, controls more than 30% of the voting power at the general meeting of our Company. Accordingly, each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang is deemed to be interested in the Shares held by Rongxin Yipin and Fumei International in our Company under the SFO.

If the Over-allotment Option is fully exercised, beneficial interests of each of Mr. Ou, HSBC International Trustee Limited, Rongan Juxiang, Rongxin Yipin and Fumei International will be approximately 72.29%, 72.29%, 72.29%, 57.83% and 14.46%, respectively.

Save as disclosed above and in the section headed "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), have interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalization Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option):

		Nominal value
		(HK$)
Authorized share capital:		
3,000,000,000	Shares of HK$0.01 each	30,000,000
Issued and to be issued, fully paid or credited as fully paid:		
100	Shares in issue as of the date of this prospectus	1
374,999,900	Shares to be issued pursuant to the Capitalization Issue	3,749,999
125,000,000	Shares to be issued under the Global Offering	1,250,000
500,000,000	**Total**	5,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Capitalization Issue and the Global Offering are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalization Issue.

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total number of issued shares of not more than the sum of:

(1) 20% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); and

(2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please see the section headed "Statutory and General Information—A. Further Information about Our Company—4. Written Resolutions of our Shareholders Passed on June 10, 2021" in Appendix IV to this prospectus for more details.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. Please see the section headed "Statutory and General Information—A. Further Information about Our Company—7. Buy-back by our Company of its own securities" in Appendix IV to this prospectus for more details.

This general mandate to repurchase Shares will remain in effect until the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please see the section headed "Statutory and General Information—A. Further Information about Our Company—4. Written resolutions of our Shareholders passed on June 10, 2021" in Appendix IV to this prospectus for more details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other Shares.

As a matter of the Cayman Islands Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto set forth in the Accountant's Report set out in Appendix I to this prospectus. The Accountant's Report has been prepared in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in "Risk Factors," "Forward-looking Statements" and elsewhere in this prospectus.

OVERVIEW

We are a comprehensive and fast-growing property management services provider in China, offering diversified property management services for both residential and non-residential properties. According to CIA, we were ranked 19th, 20th and 24th among the Top 100 Property Management Companies in terms of overall strength[(1)] in 2021, 2020 and 2019 (2021中國物業服務百強企業第19名，2020中國物業服務百強企業第20名和2019中國物業服務百強企業第24名), respectively. According to CIA, we were one of the top 10 companies among the Top 100 Property Management Companies in the PRC in terms of growth (中國物業服務百強企業成長性10強) in 2019, and one of the leading companies among the Top 100 Property Management Companies in terms of growth (中國物業服務百強成長性領先企業) in 2020.[(2)] In 2021, we were recognized as one of the leading companies in terms of service quality among the Top 100 Property Management Companies (2021中國物業服務百強服務質量領先企業), one of the leading property management companies in the PRC in terms of

Notes:

(1) Each year, CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strength. CIA prepare such ranking by assessing the relevant key factors of each company including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Please see "Industry Overview—Background and Methodologies of CIA" in this prospectus for more details. According to CIA, we were ranked 86th in terms of total revenue and 92nd in terms of total GFA under management in 2020, and our market share was approximately 0.12% in terms of total revenue and 0.08% in terms of total GFA under management in the same year.

(2) See "Industry Overview – Competition – Competitive Landscape" for more details on the methodologies used for and explanations regarding these two recognitions.

marketalisation of business (2021中國物業管理行業市場化運營領先企業) and one of the leading property management companies in providing high-end property management services (2021中國高端物業服務領先企業) by CIA[(3)].

We have been providing property management services since 2014 and our extensive industry experience and quality services differentiate us from many of our competitors. As of December 31, 2020, we had expanded our business portfolio to include two major regions in China, namely, the Western Straits Region and the Yangtze River Delta Region, and Other Regions. We have a strong foothold in the Western Straits Region the Yangtze River Delta Region and have been rapidly expanding to Other Regions in the PRC market. As of December 31, 2020, we had 119 projects under our management, covering 44 cities in the two major regions and Other Regions, with a total GFA under management of approximately 19.9 million sq.m. and a total contracted GFA of approximately 38.2 million sq.m. Among the 119 property management service projects under our management across China as of December 31, 2020, 69 were located in the Western Straits Region, 32 located in the Yangtze River Delta Region and the remaining 18 located in the Other Regions, representing approximately 63.5%, 22.8% and 13.7% of our GFA under management as of the same date, respectively.

We provide diversified property management services for both residential and non-residential properties through our three main business lines, namely, property management services, value-added services to non-property owners and community value-added services. We have established a long-term cooperative relationship with Ronshine China Group and provided services to projects developed by Ronshine China Group during the Track Record Period. We also began to provide property management services to projects developed by independent third-party property developers in 2016. We aim to cover the entire value chain of property management through our three business lines, namely Property management services, Value-added services to non-property owners and Community value-added services.

As a result of our strong market position, reputable brand name, extensive project portfolio and quality services, our business grew steadily during the Track Record Period. Our revenue increased by 25.3% from RMB413.6 million for 2018 to RMB518.4 million for 2019, and further increased by 44.7% to RMB750.4 million for 2020 as compared to 2019, representing a CAGR of approximately 34.7% from 2018 to 2020. Our net profit increased significantly from RMB33.8 million for the year ended December 31, 2018 to RMB71.5 million for 2019, and further increased to RMB85.1 million for 2020, representing a CAGR of 58.7% from 2018 to 2020.

Notes:

(3) See "Industry Overview – Competition – Competitive Landscape" for more details on the methodologies used for and explanations regarding certain of these recognitions.

BASIS OF PRESENTATION

Our Company was incorporated in Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on April 14, 2020. Pursuant to the Reorganization which is further explained in "History, Reorganization and Corporate Structure—Reorganization" in this prospectus, our Company became the holding company of the companies now comprising our Group. The companies currently comprising our Group were under the common control of our Controlling Shareholders before and after the Reorganization.

The historical financial information of our Group has been prepared in accordance with the HKFRS and on a consolidated basis. The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group include the results and cash flows of the companies currently comprising our Group from the earliest date presented or since the date when our Group's subsidiaries and/or businesses first came under the common control of our Controlling Shareholders, whichever is the shorter period. The consolidated balance sheet of our Group have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from our Controlling Shareholders' perspective. No adjustments have been made to reflect fair values, or to recognize any new assets or liabilities as a result of the Reorganization. Equity interests in subsidiaries and/or businesses held by parties other than our Controlling Shareholders and changes therein prior to the Reorganization are presented as non-controlling interests in equity by applying the principles of merger accounting. For more information on the basis of presentation of our financial information included herein, see 1.3 in the Accountant's Report in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position have been and will continue to be affected by a number of factors, including those set out in "Risk Factors" in this prospectus and those discussed below:

Our GFA under Management

In 2018, 2019 and 2020, our revenue from property management services amounted to RMB236.6 million, RMB285.0 million and RMB367.3 million, respectively, accounting for approximately 57.2%, 55.0% and 48.9% of our total revenue for the same years, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to secure new and renew existing property management service agreements. During the Track Record Period, we had GFA under management of approximately 10.6 million sq.m., 15.9 million sq.m., and 19.9 million sq.m. as of December 31, 2018, 2019 and 2020, respectively.

During the Track Record Period, a majority of the projects we managed were developed by Ronshine China Group. As of December 31, 2018, 2019 and 2020, the GFA under our management from projects developed by Ronshine China Group accounted for approximately 56.5%, 53.3% and 55.3% of our total GFA under management as of the same dates, respectively. We also provided property management services to Jointly Developed Projects, which accounted for approximately 3.7%, 4.7% and 6.8%, respectively, and to independent third-party property developers, which accounted for approximately 39.8%, 42.0% and 37.8%, respectively, of our total GFA under management as of December 31, 2018, 2019 and 2020. We plan to enlarge our customer base and diversify our project portfolio by providing services to additional Independent Third Parties. Please see "Business—Business Strategies—Diversify Our Project Portfolio and Expand Our Business Coverage by Pursuing Strategic Investments and Acquisitions" and "Risk Factors—Risks Relating to Our Business and Industry—We cannot assure you that we can secure new or renew our existing property management service agreements with property developers, including, among others, Ronshine China Group and its joint ventures and/or associates, on favorable terms, or at all" in this prospectus for further discussion.

Our Branding and Pricing Ability

Our financial condition and results of operations are affected by our ability to continuously maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and positioning in China's property management industry. We leverage our branding in pricing our services, and take into account factors such as characteristics and locations of the properties, our budget, target profit margins, property owner and resident profiles, the scope and quality of our services and price guidance imposed by respective government department. In addition, we also balance multiple considerations, including competitiveness, profitability as well as our ability to shape and preserve our image as a quality property management service provider. For example, we charge a higher property management fee per sq.m. for properties managed ROYEEDS (融御) brand, which primarily targeting high-end properties. See "Business—Our Brands" in this prospectus for more details. We charge higher prices for certain more premium services as they cost more to provide, and also because we aim to cultivate a sense of prestige with such services. Our ability to effectively balance the aforementioned considerations is key to our financial condition and results of operations.

Our pricing ability can materially affect our results of operations. We set forth below a sensitivity analysis of our revenue and total comprehensive income for the relevant year with reference to the fluctuations of average property management fees for property management services during the Track Record Period for illustrative purposes. The sensitivity analysis below demonstrates the impact of the hypothetical decrease in average property management fees for property management services on our revenue and total comprehensive income, while all other factors remain unchanged:

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Total comprehensive income for the year	33,796	71,505	85,071
Assuming 5% decrease in our average property management fees			
Decrease in revenue from our property management service business	11,830	14,250	18,365
Decrease in total comprehensive income for the year	8,872	10,688	13,774
Assuming 10% decrease in our average property management fees			
Decrease in revenue from our property management service business	23,660	28,500	36,731
Decrease in total comprehensive income for the year(1)	17,745	21,375	27,548

Note:

(1) Impact on total comprehensive income for the year was calculated under the assumption that EIT was 25.0% for the year.

We strive to continuously enhance the standard or scope of our property management services, and we may experience increases in costs from time to time. In response, we endeavor to maintain or raise our property management fee rates when renewing the expiring property management service agreements to maintain or improve our profit margin. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our branding and any pricing controls imposed by the relevant PRC authorities.

Business Mix

During the Track Record Period, our financial condition and results of operations were affected by our business mix. Our profit margins vary across our three main business lines, namely, property management services, value-added services to non-property owners and community value-added services. Any change in the structure of revenue contribution from our three main business lines or change in gross profit margin of any business line may have a corresponding impact on our overall gross profit margin.

The table below sets forth the revenue contribution by business line for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	236,597	57.2	285,003	55.0	367,306	48.9
Value-added services to non-property owners	172,752	41.8	225,062	43.4	368,243	49.1
Community value-added services	4,300	1.0	8,367	1.6	14,876	2.0
Total	**413,649**	**100.0**	**518,432**	**100.0**	**750,425**	**100.0**

The table below sets forth the gross profit margin by business line for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	%	*%*	*%*
Property management services	19.6	23.0	23.2
Value-added services to non-property owners	38.2	43.7	34.2
Community value-added services	31.0	39.9	34.4
Overall gross profit margin	**27.5**	**32.3**	**28.8**

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 overall gross profit margin increased from 2018 to 2019, primarily attributable to economies of scale as we expanded our properties under management and value-added services to non-property owners, the continuous diversification of our community value-added services and our successful implementation of cost control measures. Our overall gross profit margins dropped from 2019 to 2020, primarily due to the decrease in the gross profit margin of value-added services to non-property owners, which was caused by the decrease in gross profit margin of our sales assistance service and preliminary planning, design consultancy and pre-delivery services. See "—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin" in this section for more discussions on the fluctuation in our gross profit margins during the Track Record Period.

Ability to Mitigate the Impact of Rising Labor Costs

Since property management service is labor intensive, employee benefit expenses constitute a substantial portion of our cost of sales. During the Track Record Period, our employee benefit expenses increased as a result of the increase of the number of staff due to the continued expansion of our business, increases in our average salary and general increases in the market prices for labor. In 2018, 2019 and 2020, our employee benefit expenses recorded under our cost of sales were RMB225.4 million, RMB263.6 million and RMB402.0 million, respectively, accounting for approximately 75.1%, 75.1% and 75.3% of our cost of sales in the same years, respectively. To cope with rising employee benefit expenses, we continue to implement a number of cost control measures, such as creating detailed cost control plans tailored to each project, subcontracting certain labor-intensive tasks to third parties while maintaining close supervision over their services, employing technological solutions to replace manual labor, optimizing our staffing structure and schedules to improve efficiency and standardizing operational procedures associated with our various services. In 2018, 2019 and 2020, we incurred subcontracting costs of approximately RMB50.8 million, RMB52.7 million and RMB80.9 million, respectively, representing 16.9%, 15.0% and 15.1%, respectively, of our cost of sales in the same years. The increase in subcontracting costs during the Track Record Period was attributable to our enlarged outsourcing scale. See "Business—Suppliers" in this prospectus for further discussion.

Competition

We primarily compete against national, regional and local property management companies, particularly those affiliated with property developers in China. According to CIA, Ronshine China Group's market position as a reputable property developer in the PRC real estate industry provides a strong foundation for our continuous growth. According to CIA, our ranking improved from 24th in 2019 to 20th in 2020, and further to 19th in 2021 among the Top 100 Property Management Companies in terms of overall growth. See "Business—Competition" and "Industry Overview—Competition" in this prospectus for more information. Our ability to compete effectively against our competitors and strengthen our market position depends on our ability to enhance our competitive strengths. If we fail to compete effectively and grow our GFA under management, we may lose our existing market share and experience decreased revenue and weakened profitability. We have been focusing on, and will continue to focus on keeping our competitiveness in terms of operation scale, pricing, service quality, brand recognition and financial resources, among other factors, in order to obtain a larger market share and increase GFA under our management, which directly lead to our growth and improvement in results of operations.

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

When reviewing our consolidated financial statements, you should consider (i) our significant accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, judgments and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 and Note 4 in the Accountant's Report in Appendix I, respectively, to this prospectus. We set forth below those accounting policies and estimates that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Revenue Recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

(i) *Property management services.* We charged property management fees in respect of the property management services on a lump sum basis and on a commission basis. On a lump sum basis, we are entitled to retain the full amount of received property management fees. From the property management fees, we shall bear expenses associated with, among others, staff, cleaning, security, greening, car park management and repair and maintenance services and general overheads covering the common areas. During the term of the contract, if the amount of property management fees we collected is not sufficient to cover all the expenses incurred, we are not entitled to request the property owners to pay the shortfall. Accordingly, on a lump sum basis, we recognize as revenue as the full amount of property management fees we charged to the property owners and property developers. These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by our performance when we perform.

On a commission basis, we are entitled to a fixed amount of management fees which the property owners and property developers are obligated to pay over a specific contract period. The remainder of the management fee is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to the customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, we may need to make up for the shortfall and pay on behalf of the community management offices first, with a right to recover from the residents subsequently. On a commission basis, we essentially act as an agent of the property owners and property developers and accordingly, we only recognize as its revenue calculated by a pre-determined percentage or amount of the property management fee received or receivable by the properties.

(ii) *Value-added services to non-property owners.* Value-added services to non-property owners mainly includes (i) sales assistance services, including reception, cleaning, greening, security, traffic and car park management, on-site visits, advertising of the properties for sale and repair and maintenance services at the pre-delivery stage which are recognized when services are rendered; (ii) preliminary planning, design consultancy and pre-delivery services to property developers, which is recognized when such consultancy services have been provided and (iii) driving and vehicle dispatching and managing services, which is recognized when the services are rendered.

(iii) *Community value-added services.* Community value-added services primarily consist of: (i) community shopping services ("Joyful Life Service" (和美生活)); (ii) decoration and furnishing services and home maintenance services ("Joyful Living Service" (和美易居)); (iii) property agency services ("Joyful Leasing and Sale Service" (和美租售)); and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas. Please see "Business—Our Business Model" in this prospectus for more details. Revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer. For sales of goods, we procure merchandise from suppliers and sells goods to the property owners and corporate customers. Sales of goods are recognized when we deliver the goods to the customers. We act as a sales agent for property owners and provides residential property agency services, which charge such property owners a commission calculated based on the contract purchase price.

Trade and Other Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer, they are classified as current assets. If not, they are presented as non-current assets).

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. We hold 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 18 in Appendix I to this prospectus for further information on trade receivables and Note 3.1.2 in Appendix I to this prospectus for a description of our impairment policies.

Current and Deferred Income Tax

The income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of comprehensive income for the years indicated. 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	413,649	518,432	750,425
Cost of sales	(299,981)	(351,195)	(534,114)
Gross profit	**113,668**	**167,237**	**216,311**
Selling and marketing expenses	(6,831)	(6,530)	(8,203)
Administrative expenses	(59,809)	(62,992)	(92,257)
Net impairment (losses)/gains on financial assets	(1,702)	(1,341)	21
Other income	590	1,427	4,655
Other gains-net	409	1,199	1,087
Operating profit	**46,325**	**99,000**	**121,614**
Finance income	97	150	545
Finance cost	(116)	(101)	(260)
Finance (cost)/ income-net	(19)	49	285
Profit before income tax	**46,306**	**99,049**	**121,899**
Income tax expenses	(12,510)	(27,544)	(36,828)
Total comprehensive income for the year	**33,796**	**71,505**	**85,071**

	For the year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Total comprehensive income for the year is attributable to:			
– Owners of the Company	36,372	70,036	82,511
– Non-controlling interests	(2,576)	1,469	2,560
	33,796	**71,505**	**85,071**

Revenue

During the Track Record Period, we derived our revenue primarily from the following three main business lines:

- Property management services, which primarily comprise (i) cleaning services, (ii) security services, (iii) greening services (iv) car park management, and (v) repair and maintenance services to property developers, property owners and residents. Such business line contributed to approximately 57.2%, 55.0% and 48.9% of our total revenue for the years ended December 31, 2018, 2019 and 2020, respectively. Our property management services are provided for residential and non-residential properties, and the latter includes, but is not limited to, government and public facilities, office buildings, commercial complex, hospitals, bank, schools and industrial parks;

- Value-added services to non-property owners, which primarily comprise (i) sales assistance services, (ii) preliminary planning, design consultancy and pre-delivery services and (iii) driving and vehicle dispatching and managing services. Such business line contributed to approximately 41.8%, 43.4% and 49.1% of our total revenue for the years ended December 31, 2018, 2019 and 2020, respectively. Our value-added services to non-property owners are primarily provided to property developers which require certain tailored services for their residential and/or non-residential properties; and

- Community value-added services, which primarily comprise (i) Joyful Life Service (和美生活), (ii) Joyful Living Service (和美易居), (iii) Joyful Leasing and Sale Service (和美租售), and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas. Such business line contributed to approximately 1.0%, 1.6% and 2.0% of our total revenue for the years ended

December 31, 2018, 2019 and 2020, respectively. Our community value-added services are provided to property owners and residents to improve their living experiences and to preserve and enhance the value of their properties.

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

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	236,597	57.2	285,003	55.0	367,306	48.9
Value-added services to non-property owners	172,752	41.8	225,062	43.4	368,243	49.1
Community value-added services	4,300	1.0	8,367	1.6	14,876	2.0
Total	413,649	100.0	518,432	100.0	750,425	100.0

Revenue from Property Management Services

Revenue from our property management services, which primarily include cleaning services, security services, greening services, car park management and repair and maintenance services, generally increased during the Track Record Period, primarily driven by the increase in our total GFA under management, as a result of combination of (i) increased GFA under management from properties developed by Ronshine China Group as it continued to grow its business, and (ii) our continuous diversification of customer base to also cover independent third parties and property portfolio to also cover non-residential properties, which also enabled our geographic expansion of our property management services, particularly in the Yangtze River Delta Region and other Regions. Our total GFA under management was approximately 10.6 million sq.m., 15.9 million sq.m. and 19.9 million sq.m. as of December 31, 2018, 2019 and 2020, respectively. In 2018, 2019 and 2020, the average property management fee experienced a slight increase at RMB2.5 per sq.m. per month, RMB2.7 per sq.m. per month and RMB2.7 per sq.m. per month, respectively.

During the Track Record Period, we derived a majority of our revenue from managing projects developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou. In 2018, 2019 and 2020, revenue from property management services provided to projects developed by Ronshine China Group and its joint ventures and associates and companies beneficially owned by Mr. Ou amounted to RMB180.6 million, RMB215.3 million and RMB265.6 million, respectively, accounting for approximately 76.3%, 75.6% and 72.3%, respectively, of our total revenue derived from property management services for the same years. In general, the decrease in our percentage of total revenue from managing projects developed by Ronshine China Group during the Track Record Period was primarily due to our continuous efforts to expand our customer base and manage more projects developed by independent third-party property developers.

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

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Projects developed by Ronshine China Group[(1)]	5,966	176,488	74.6	8,467	206,677	72.6	11,030	249,068	67.8
Jointly Developed Projects[(2)]	391	4,074	1.7	747	8,657	3.0	1,362	16,487	4.5
Subtotal	6,357	180,562	76.3	9,214	215,334	75.6	12,392	265,555	72.3
Projects developed by independent third-party property developers[(3)]	4,210	56,035	23.7	6,665	69,669	24.4	7,538	101,751	27.7
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

Notes:

(1) Includes properties solely developed by Ronshine China Group and properties that Ronshine China Group jointly developed with third-party property developers for which properties Ronshine China Group held a controlling interest.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

(3) Refers to properties developed by independent third party property developer. The company beneficially owned by Mr. Ou mentioned in note (2) above was subsequently disposed by Mr. Ou in May 2020 to an independent third party. Accordingly, its GFA under management and revenue have been included in the total GFA under management and revenue of projects developed by independent third-party property developers as of or for 2020.

During the Track Record Period, a majority of our revenue from property management services was derived from residential properties, which accounted for approximately 54.7%, 52.5% and 55.1%, respectively, of our total revenue from property management services in 2018, 2019 and 2020. The decrease in the percentage of revenue derived from managing residential properties from 2018 to 2019 was primarily reflecting our continuing efforts to diversify our non-residential properties portfolio, which resulted in an increase in our total GFA under management for non-residential properties, such as public facilities, office buildings, commercial properties, hospitals, bank, schools and industrial parks. The increase in the percentage of revenue derived from managing residential properties from 52.5% in 2019 to 55.1% in 2020, primarily due to the increase in GFA under management for residential properties developed by Ronshine China Group and Jointly Developed Projects.

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Residential properties[(1)]	6,017	129,491	54.7	8,790	149,527	52.5	12,178	202,435	55.1
Non-residential properties[(2)]	4,550	107,106	45.3	7,089	135,476	47.5	7,752	164,871	44.9
Office buildings	3,443	48,359	20.4	5,904	72,489	25.4	6,767	103,655	28.2
Commercial properties	234	44,265	18.7	290	47,610	16.7	234	42,900	11.7
Public facilities	438	6,443	2.7	489	7,818	2.7	127	7,201	2.0
Industrial parks and logistic parks	179	3,937	1.7	21	2,695	0.9	163	2,375	0.6
Schools	138	2,804	1.2	138	1,943	0.7	–	1,009	0.3
Hospitals	–	344	0.1	57	312	0.1	80	5,099	1.4
Others	118	954	0.5	190	2,609	1.0	381	2,632	0.7
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

Notes:

(1) In 2018, 2019 and 2020, the proportion of our revenue generated from managing residential properties developed by Ronshine China Group to our total revenue generated from managing residential properties was 96.2%, 94.4% and 90.5%, respectively. The proportion of our revenue generated from managing residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total revenue generated from managing residential properties was 2.2%, 4.7% and 8.1%, respectively, for the same years. The proportion of our revenue generated from managing residential properties developed by independent third-party property developers to our total revenue generated from managing residential properties was 1.6%, 0.9% and 1.4%, 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 Ronshine China Group to our total GFA under management for residential properties was 92.1%, 90.5% and 83.6%, respectively. The proportion of our GFA under management for residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total GFA under management for residential properties was 5.3%, 7.7% and 11.2%, respectively, as of the same dates. The proportion of our GFA under management for residential properties developed by independent third-party property developers to our total GFA under management for residential properties was 2.6%, 1.8% and 5.2%, respectively, as of the same dates.

(2) In 2018, 2019 and 2020, the proportion of our revenue generated from managing non-residential properties developed by Ronshine China Group to our total revenue generated from managing non-residential properties was 48.5%, 48.3% and 40.0%, respectively. The proportion of our revenue generated from managing non-residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total revenue generated from managing non-residential properties was 1.1%, 1.2% and nil, respectively, for the same years. The proportion of our revenue generated from managing non-residential properties developed by independent third-party developers to our total revenue generated from managing non-residential properties was 50.4%, 50.5% and 60.0%, respectively, for the same years.

As of December 31, 2018 and 2019 and 2020, the proportion of our GFA under management for non-residential properties developed by Ronshine China Group to our total GFA under management for non-residential properties was 9.4%, 7.1% and 11.0%, respectively. The proportion of our GFA under management for non-residential properties developed by Ronshine China Group's joint ventures and associates and companies beneficially owned by Mr. Ou to our total GFA under management for non-residential properties was 1.6%, 1.1% and nil, respectively, as of the same dates. The proportion of our GFA under management for non-residential properties developed by independent third-party property developers to our total GFA under management for non-residential properties was 89.0%, 91.8% and 89.0%, respectively, as of the same dates.

Our revenue from property management services from non-residential properties generally increased during the Track Record Period, primarily driven by the increase in GFA of office buildings under our management. Among our non-residential properties, revenue from property management services provided to commercial properties decreased from RMB47.6 million in 2019 to RMB42.9 million in 2020, primarily due to the expiration of a property management service agreement with respect to two commercial properties in Chongqing. We were not retained to provide service for these two commercial properties as the property owner decided to manage the properties themselves. In addition, revenue from property management services provided to public facilities decreased slightly from RMB7.8 million in 2019 to RMB7.2 million in 2020, primarily due to the expiration of three property management service agreements with respect to public facilities in Western Straits and Other Regions. We did not continue to provide property management services to these three projects after its expiration as we failed to renew one public facility property management due to intense competition during the bidding process, and we did not submit bids to renew the other two public facility projects when due because of the lower profitability based on our internal evaluation. The GFA under our management for industry and logistic parks decreased from 179,000 sq.m. as of December 31, 2018 to 21,000 sq.m. as of December 31, 2019, primarily due to the expiration of a property management service agreement with respect to the management of free trade zone in Fujian province. We were not able to retain this project after its expiration in July 2019 primarily due to the intense competition during the bidding process. The GFA under our management for industry and logistic parks increased from 21,000 sq.m. as of December 31, 2019 to 163,000 sq.m. as of December 31, 2020, primarily because we obtained two new projects in Western Straits and Other Regions in the second and third quarter of 2020. During the Track Record Period, we provided property management services to one school, which had three campuses.

Revenue from property management services from this school decreased from RMB2.8 million in 2018 to RMB1.9 million in 2019, and further decreased to RMB1.0 million in 2020, primarily due to the reduced service scope as the school closed one campus in March 2019 and we were not retained to provide property management service to this school after its expiration of property service agreement in late July, 2020. Our revenue from property management services provided to hospitals increased substantially to RMB5.1 million in 2020 as compared to RMB0.3 million in 2019, primarily because we commenced service to a hospital in Guangzhou in June 2020.

To facilitate our management, we divide our geographic coverage into the following regions in China, namely, the Western Straits Region, the Yangtze River Delta Region and Other Regions. The table below sets forth a breakdown of our total GFA under management as of the dates and revenue from property management services for the years indicated by geographic region:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	*Revenue*		*GFA*	*Revenue*		*GFA*	*Revenue*	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Western Straits Region[(1)]	9,801	219,370	92.7	11,604	238,413	83.7	12,655	254,805	69.4
Yangtze River Delta Region[(2)]	766	17,227	7.3	2,258	31,941	11.2	4,541	74,604	20.3
Other Regions[(3)]	–	–	–	2,017	14,649	5.1	2,734	37,897	10.3
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

Notes:

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

(2) Cities in which we provide property management services to projects the Yangtze River Delta Region include Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Suzhou, Zhenjiang, Nantong and Nanjing.

(3) Cities in which we provide property management services to projects in the Other Regions include Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou.

Property management fees may be charged on either a lump sum or a commission basis. The lump-sum fee model is the dominant method of collecting property management fees in China. It dispenses with certain collective decision-making procedures among property owners and residents for making large expenditures, which instead are required under the commission fee model. Another advantage of the lump-sum fee model is that it incentivizes property management companies to optimize their cost structure and streamline their business operations to enhance profitability, which is conducive to the development of the PRC property management industry as a whole. During the Track Record Period, we charged property management fees under the lump sum basis for almost all of the properties under our management. We expect property management fees charged on a lump sum basis to continue to account for substantially all of our revenue from property management services in the foreseeable future. The following table sets forth a breakdown of our total GFA under management as of the dates indicated, and revenue from our property management services for the years indicated, by fee model:

	As of or for the year ended December 31,								
	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	10,374	236,150	99.8	15,590	284,299	99.8	19,641	366,522	99.8
Commission basis	193	447	0.2	289	704	0.2	289	784	0.2
Total	**10,567**	**236,597**	**100.0**	**15,879**	**285,003**	**100.0**	**19,930**	**367,306**	**100.0**

Revenue from Value-added Services to Non-property Owners

We provide value-added services to non-property owners, which are primarily property developers, including (i) sales assistance services which primarily include reception, cleaning, greening, security, traffic and car park management, on-site visits, advertising of the properties for sale and repair and maintenance services during their pre-sale process, (ii) preliminary planning, design consultancy and pre-delivery services and (iii) driving and vehicle dispatching and managing services under we provide to our customers on an on-demand basis according to the terms of relevant agreements. See "Business—Value-Added Services to Non-Property Owners" in this prospectus for details. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales assistance services	111,970	64.8	122,108	54.3	199,870	54.3
Preliminary planning, design consultancy and pre-delivery services	28,623	16.6	51,540	22.9	112,131	30.4
Driving and vehicle dispatching and managing services	32,159	18.6	51,414	22.8	56,242	15.3
Total	**172,752**	**100.0**	**225,062**	**100.0**	**368,243**	**100.0**

The total revenue from each of our (i) sales assistance services, (ii) preliminary planning, design consultancy and pre-delivery services and (iii) driving and vehicle dispatching and managing services generally increased during the Track Record Period. Our revenue from sales assistance services increased from 2019 to 2020 primarily because we expanded our scope of services provided to Ronshine China Group to include on-site and advertising of properties for sale in the second half of 2020. Our revenue from preliminary planning, design consultancy and pre-delivery services increased from 2018 to 2019, primarily due to the increase in delivery of properties developed by Ronshine China Group. Our revenue from preliminary planning, design consultancy and pre-delivery services increased in 2019 to 2020, primarily because Ronshine China Group increased the number of contracts to us relating to preliminary planning, design consultancy and pre-delivery services from 65 contracts in 2019 to 134 contracts in 2020.

Revenue from Community Value-added Services

We provide community value-added services to property owners and residents of the properties managed by us. Our services primarily consist of (i) Joyful Life Service (和美生活) that we commenced since 2019, under which we provide community shopping services; (ii) Joyful Living Service (和美易居), under which we provide decoration and furnishing services and home maintenance services; (iii) Joyful Leasing and Sale Service (和美租售) that we commenced since 2019, under which we provide property agency services; and (iv) ancillary services for common areas such as advertising in, and rental of, common areas of the properties under our management. The general increase in revenue from community value-added services during the Track Record Period primarily reflected our continued efforts to diversify our services portfolio to enhance customer loyalty. The following table sets forth a breakdown of our revenue from community value-added services for the years indicated:

	For the year ended December 31,					
	2018		**2019**		**2020**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Joyful Life Service	–	–	1,432	17.1	8,124	54.6
Joyful Living Service	4,101	95.4	5,460	65.3	3,440	23.1
Joyful Leasing and Sale Service	–	–	516	6.1	2,619	17.6
Ancillary services for common areas	199	4.6	959	11.5	693	4.7
Total	**4,300**	**100.0**	**8,367**	**100.0**	**14,876**	**100.0**

Cost of Sales

Our cost of sales primarily consists of (i) employee benefit expenses, (ii) greening and cleaning expenses, (iii) maintenance costs, (iv) security personnel expenses, (v) office expenses, (vi) taxes and other levies, (vii) lease payments on short-term leases, (viii) depreciation and amortization charges and (ix) others, which mainly include insurance expenses, training costs, cost of goods sold relating to our community shopping services and amortization of low-value consumables. We delegate certain services such as security, cleaning, greening and elevator repair and maintenance services to independent third-party subcontractors, which in aggregate amounted to RMB50.8 million, RMB52.7 million and

RMB80.9 million for the Track Record Period, respectively, representing approximately 16.9%, 15.0% and 15.1% of total cost of sales in 2018, 2019 and 2020, respectively. The following table sets forth a breakdown of the components of our cost of sales for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	225,350	75.1	263,609	75.1	402,003	75.3
Greening and cleaning expenses	47,513	15.8	50,454	14.4	75,357	14.1
Maintenance costs	8,774	2.9	14,587	4.2	18,534	3.5
Security personnel expenses	3,889	1.3	5,464	1.6	14,598	2.7
Office expenses	3,834	1.3	3,163	0.9	4,721	0.9
Taxes and other levies	2,158	0.7	3,009	0.9	4,964	0.9
Lease payments on short-term leases	480	0.2	933	0.3	1,172	0.2
Depreciation and amortization charges	438	0.1	417	0.1	537	0.1
Others	7,545	2.6	9,559	2.5	12,228	2.3
Total	**299,981**	**100.0**	**351,195**	**100.0**	**534,114**	**100.0**

During the Track Record Period, the main components of our cost of sales were employee benefit expenses and greening and cleaning expenses. The increase in our employee benefit expenses during the Track Record Period was mainly due to the increase in the number of employees and the compensation level for our employees, and the compensation package includes basic salary, bonus and allowance. The increase in our greening and cleaning expenses during the Track Record Period was generally in line with our business expansion. The increase in our other expenses under cost of sales from 2019 to 2020 was primarily due to our business expansion.

Substantially all of our cost of sales during Track Record Period was variable costs that would vary depending on the fluctuations in, among others, our GFA under management, which accounted for approximately 99.9% of our cost of sales in each of 2018, 2019 and 2020, respectively. Accordingly, we consider all of our cost of sales for the Track Record Period were variable costs except for depreciation and amortization charges, which accounted for approximately 0.1% of total cost of sales for each of the periods during the Track Record Period. In 2018, 2019 and 2020, our variable costs amounted to RMB299.6 million, RMB350.8 million and RMB533.6 million, respectively, and our fixed costs amounted to RMB0.4 million, RMB0.4 million and RMB0.5 million, respectively. For illustrative purpose only, assuming 5% increase in our employee benefit expenses, while keeping all other factors unchanged, our gross profit margin would be reduced by less than 2.7%, 2.5% and 2.7% for each of the years ended December 31, 2018, 2019 and 2020 as a result. Assuming 10% increase in our employee benefit expenses, while keeping all other factors unchanged, our gross profit margin would be reduced by less than 5.4%, 5.1% and 5.4% for each of the years ended December 31, 2018, 2019 and 2020 as a result. The following table sets forth the breakdown of our cost of sales by business line for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	190,274	63.4	219,461	62.5	282,054	52.8
Value-added services to non-property owners	106,742	35.6	126,702	36.1	242,306	45.4
Community value-added services	2,965	1.0	5,032	1.4	9,754	1.8
Total	**299,981**	**100.0**	**351,195**	**100.0**	**534,114**	**100.0**

During the Track Record Period, we outsourced certain services, such as greening and cleaning services, maintenance and security services, to third party service providers while maintaining close supervision of their services to ensure service quality. In 2018, 2019 and 2020, the sub-contracting costs we incurred accounted for 16.9%, 15.0% and 15.1%, respectively, of our total cost of sales. The following table sets forth the breakdown of sub-contracting costs to third parties under our cost of sales for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
		(RMB'000)	
Greening and cleaning expenses	39,722	41,414	59,348
Maintenance costs	3,353	4,428	7,327
Security personnel expenses	2,543	4,304	11,208
Others	5,217	2,598	3,015
Total sub-contracting costs	**50,835**	**52,744**	**80,898**

Gross Profit and Gross Profit Margin

Our overall gross profit margin in 2018, 2019 and 2020 was 27.5%, 32.3% and 28.8%, respectively. Our overall gross profit margins are affected by the gross profit margin for each of our business lines as well as fluctuations in our business mix. Our gross profit margin increased from 27.5% in 2018 to 32.3% in 2019, primarily due to the increases in gross profit margins of value-added services to non-property owners and property management services from 2018 to 2019. Our gross profit margin decreased from 32.3% in 2019 to 28.8% in 2020, primarily due to the decrease in gross profit margin of value-added services to non-property owners.

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

	For the year ended December 31,					
	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	46,323	19.6	65,542	23.0	85,252	23.2
Value-added services to non-property owners	66,010	38.2	98,360	43.7	125,937	34.2
Community value-added services	1,335	31.0	3,335	39.9	5,122	34.4
Total	**113,668**	**27.5**	**167,237**	**32.3**	**216,311**	**28.8**

Property Management Services

Gross profit margin for our property management services is largely affected by (i) the types of properties that we provide services to, (ii) our average property management fee charged to the customers, and (iii) the effectiveness of our cost control measures. Our management for non-residential properties generally has a higher profit margin than the property management services to residential properties, primarily because (i) the management of non-residential properties are generally less labor-intensive due to shorter work hours as non-residential properties may not require around-the-clock staff, and that the prices for certain of our non-residential properties, such as commercial complex, are relatively high.

Our gross profit margin for property management services increased from 19.6% in 2018 to 23.0% in 2019, primarily due to (i) an increase in the average property management fee for residential properties from RMB2.3 per sq.m. per month in 2018 to RMB2.5 per sq.m. per month in 2019, which was mainly due to an increase in revenue derived from projects developed by Ronshine China Group from 2018 to 2019; (ii) the increase in GFA under management for non-residential properties from approximately 4.6 million sq.m. to approximately 7.1 million sq.m.; and (iii) the implementation of our cost control measures, such as sub-contracting labor-intensive work to third parties to reduce labor cost and employing technological solutions to replace manual labor to improve operating efficiency. Our gross profit margin for property management services remained relatively stable as 23.0% and 23.2% in 2019 and 2020, respectively.

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

	For the year ended December 31,					
	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	22,699	17.5	32,150	21.5	45,071	22.3
Non-residential properties	23,624	22.1	33,392	24.6	40,181	24.4
Total gross profit/overall gross profit margin	**46,323**	**19.6**	**65,542**	**23.0**	**85,252**	**23.2**

The following table sets forth a breakdown of our gross profit and gross profit margin from property management services by type of property developer and city tier 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*	*%*
Projects developed by Ronshine China Group[(1)]	34,489	19.5	47,514	23.0	57,441	23.1
First-tier cities[(3)]	565	58.8	3,321	29.4	6,248	27.5
Second-tier cities[(4)]	31,167	19.5	39,282	22.6	44,323	22.5
Other cities[(5)]	2,757	17.7	4,911	22.5	6,870	23.1
Jointly Developed Projects[(2)]	758	18.6	1,930	22.4	3,747	22.7

	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*	*%*
First-tier cities(3)	–	–	–	–	–	–
Second-tier cities(4)	–	–	277	21.0	2,299	22.5
Other cities(5)	758	18.6	1,653	22.5	1,448	23.0
Projects developed by independent third-party property developers	11,076	19.8	16,098	23.1	24,064	23.6
First-tier cities(3)	–	–	–	–	222	22.2
Second-tier cities(4)	5,118	19.8	6,229	23.4	8,246	23.8
Other cities(5)	5,958	19.8	9,869	22.9	15,596	23.6
Total gross profit/overall gross profit margin	**46,323**	**19.6**	**65,542**	**23.0**	**85,252**	**23.2**

Notes:

(1) Refers to properties developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

(3) Include Beijing, Shanghai, Guangzhou and Shenzhen.

(4) Include Tianjin, Shijiazhuang, Taiyuan, Hohhot, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Xi'an, Lanzhou, Xining, Yinchuan and Urumqi.

(5) Refers to the other cities in the PRC except for first- and second-tier cities.

Our gross profit margin from property management services provided to properties developed by Ronshine China Group in first-tier cities further decreased from 58.8% in 2018 to 29.4% in 2019 and further to 27.5% in 2020, primarily because an increasing number of projects developed by Ronshine China Group in first-tier cities were charged on a lump sum basis, which in general had a lower gross profit margin than services provided on a commission basis. When the property management fees are charged on a lump sum basis, we record property management fees as revenue and expenses incurred in connection with providing the property management services as cost of sales. When we charge property management fees on a commission basis, we essentially act as the agent of the property owners and therefore record commission at a pre-determined percentage, typically 10.0%, of the property management fees or cost of services as set out in the property management service contracts as revenue. Therefore for the property management services for which we charged fees on a commission basis, our gross profit margin was 100%, which is higher than the gross profit margin of property management services for which we charged fees on a lump sum basis.

The table below sets forth a breakdown of our gross profit and gross profit margin from property management services by property developer and type of residential properties 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*	*%*
Projects developed by Ronshine China Group(1)	21,856	17.6	30,312	21.5	40,781	22.3
High- and mid-end residential properties(3)	17,843	18.5	24,386	22.3	32,804	22.9
Relatively low-end residential properties(4)	4,012	14.3	5,927	18.5	7,977	19.9
Jointly Developed Projects(2)	499	17.6	1,608	22.8	3,748	22.7
High- and mid-end residential properties(3)	–	–	234	21.4	1,492	22.4
Relatively low-end residential properties(4)	499	17.6	1,375	23.1	2,256	22.9
Projects developed by independent third-party property developers	343	16.2	229	17.6	543	19.8
High- and mid-end residential properties(3)	–	–	–	–	–	–
Relatively low-end residential properties(4)	343	16.2	229	17.6	543	19.8
Total	22,699	17.5	32,150	21.5	45,071	22.3

Notes:

(1) Refers to properties developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest.

(2) Refers to projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

(3) Refers to residential properties with property management fees higher than the average property management fee for residential properties managed by the Top 100 Property Management Companies in 2019, which is 2.09 RMB per sq.m., according to CIA.

(4) Refers to residential properties with property management fees equal to or lower than the average property management fee for residential properties managed by the Top 100 Property Management Companies in 2019, which is 2.09 RMB per sq.m., according to CIA.

Average property management fee

Our average property management fee is generally weighted average property management fee charged calculated on revenue-bearing GFA of each property which we are charged for property management services. Among the non-residential properties under our management during the Track Record Period, only certain commercial properties, including office building and commercial complex, were charged property management fees with reference to the GFA under management, while all other non-residential properties under our management, including government and public facilities, hospital, bank, school and industrial parks (collectively, the "**Other Non-residential Properties**"), were charged on a fixed annual contract amount according to the service requirements for such properties and therefore generally not corresponding to the GFA under management for the relevant properties. The table below sets forth the average property management fee of our property management services provided to residential and non-residential projects (excluding Other Non-residential Properties) for the years indicated, by the type of property developer:

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB per sq.m. per month)		
Residential properties			
Projects developed by Ronshine China Group[1]	2.4	2.6	2.6
Jointly Developed Projects[2]	2.0	2.2	2.3
Projects developed by independent third-party property developers	1.2	1.2	1.6
Overall average property management fee for residential properties	**2.3**	**2.5**	**2.5**

	For the year ended December 31,		
	2018	2019	2020
	(RMB per sq.m. per month)		
Non-residential properties			
Projects developed by Ronshine China Group[(1)]	7.6	6.7	7.5
Jointly Developed Projects[(2)]	5.0	5.0	5.0
Projects developed by independent third-party property developers	N/A	N/A	N/A
Overall average property management fee for non-residential properties	**7.4**	**6.6**	**7.4**
Overall average property management fee	**2.5**	**2.7**	**2.7**

Notes:

(1) Includes properties solely developed by Ronshine China Group and properties that Ronshine China Group jointly developed with third-party property developers for which properties Ronshine China Group held a controlling interest.

(2) For residential properties, Jointly Developed Projects included projects jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest. For non-residential properties, Jointly Developed Projects included projects (i) jointly developed by Ronshine China Group and third-party property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou. During the Track Record Period, we provided property management service to the office building area of a hotel that was developed by a company beneficially owned by Mr. Ou from 2017 to May 2020, and subsequently sold by Mr. Ou to a third party in May 2020. As of the Latest Practicable Date, this non-residential property project was under our management.

Our average property management fee for property management services to residential properties developed by Ronshine China Group and Jointly Developed Projects were generally higher than those of the residential properties developed by independent third-party property developers during the Track Record Period, primarily because: (i) according to CIA, average property management fees for property management services to residential properties located in the first-tier and second-tier cities are generally higher than lower-tiered cities, and a larger portion of the residential properties developed by Ronshine China Group were located in the second-tier cities as compared to that of the residential properties developed by independent third-party property developers, (ii) we charged relatively high property management fees to a number of the residential properties developed by Ronshine China Group and under our management as they were high-end properties such as townhouses or standalone houses in Shanghai and (iii) we charged relatively high property management fee to one residential property developed by Jointly Developed Projects as it was high- and mid-end properties in second-tier city.

Despite the differences of average property management fee among properties developed by Ronshine China Group, Jointly Developed Projects and independent third-party property developers, their gross profit margin are similar, primarily due to the higher costs (including employee benefit, greening and cleaning expenses) incurred for managing properties developed by Ronshine China Group and Jointly Developed Projects, as these properties are located in the first-tier and second-tier cities, as compared to costs incurred for managing properties by third-party property developers located in third-and lower-tier cities.

Our overall average property management fees for residential properties, in particular residential properties developed by Ronshine China Group and Jointly Developed Projects, were higher than the average property management fees for residential properties managed by the Top 100 Property Management Companies in 2019 which is RMB2.09 per sq.m. per month, mainly because a large number of the residential properties developed by Ronshine China Group and Jointly Developed Projects were mid-to high-end properties and therefore were able to charge higher property management fees. Our average property management fees for residential properties developed by independent third-party property developers were lower than the average property management fees for residential properties managed by the Top 100 Property Management Companies in 2019, as residential properties developed by independent third-party property developers were generally located in third- and lower-tier cities. See "Industry Overview—The PRC Property Management Industry—Development of the PRC Property Management Industry—Average Property Management Fees Collected by the Top 100 Property Management Companies" for more details.

The average property management fees for the property management services to non-residential properties that were charged with reference to the GFA under management and developed by Ronshine China Group and Jointly Developed Projects were generally in line with each other as such properties mainly included office buildings.

The total GFA under management for the Other Non-residential Properties was approximately 4.4 million sq.m., 6.9 million sq.m. and 7.2 million sq.m., respectively, as of December 31, 2018, 2019 and 2020. We generated revenue from the provision of property management services to the Other Non-residential Properties in the amount of approximately RMB98.0 million, RMB115.7 million and RMB133.4 million, respectively, for 2018, 2019 and 2020, respectively. We charge a fixed annual contract amount for the Other Non-residential Properties. For such projects, the GFA under management is one of the minor factors when negotiating the contract amount, as a number of other factors, such as track record or service standards for the particular buildings at such properties (e.g., hospital, public facilities) are generally weighed more heavily in contract amount determination. Accordingly, the indicative average property management fee set out below for the Other Non-residential Properties should only be taken as reference as such is not comparable to our other projects or property management projects of other companies where the property management fee is determined with reference to the GFA under management:

	For the year ended December 31,		
	2018	**2019**	**2020**
	(RMB per sq.m. per month)		
Other Non-residential properties			
Commercial building	15.8	14.2	14.5
Office building	1.1	0.9	1.1
Industrial park and logistics park	1.8	6.3	1.5
School	1.7	1.2	N/A[(1)]
Public facilities	1.1	1.4	3.5
Hospitals	N/A[(1)]	5.5	5.9
Others	1.6	1.1	1.1

Note:

(1) We did not manage any project of such type during the relevant year.

The indicative average property management fee for industrial park and logistic park increase significantly from RMB1.8 per sq.m. per month in 2018 to RMB6.3 per sq.m. per month in 2019, primarily because we were not able to renew one logistic park in 2019, as such project mainly involved government and public facilities with stringent service and cost requirements, and had a relatively lower indicative average property management fee. The indicative average property management fee for industrial park and logistic park decreased significantly from RMB6.4 per sq.m. per month in 2019 to RMB1.5 per sq.m. per month in 2020, primarily because we acquired two new projects. These two new projects had an aggregate GFA under management of 0.14 million sq.m. and the total GFA under management relating to industrial park and logistic park increased from 0.02 million sq.m. in 2019 to 0.16 million sq.m. in 2020. In addition, our revenue generated from these two new projects in 2020 were lower than revenue generated from our existing project, primarily because our service scope under the new projects were narrower. As a result, the indicative average property management fee for industrial park and logistic park decreased from 2019 to 2020.

The indicative average property management fee for public facilities increased from RMB1.4 per sq.m. per month in 2019 to RMB3.5 per sq.m. per month in 2020, primarily because we did not submit bids to renew the other two public facility projects when due because of the lower profitability in 2020.

The table below sets forth a breakdown of our average property management fees by property developer and city tier for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	(RMB per sq.m. per month)		
Projects developed by Ronshine China Group[(1)]	2.5	2.7	2.8
First-tier cities[(3)]	5.7	6.2	6.2
Second-tier cities[(4)]	2.5	2.6	2.7
Other cities[(5)]	1.9	2.0	2.2
Jointly Developed Projects[(2)]	2.2	2.3	2.3
First-tier cities[(3)]	–	–	–
Second-tier cities[(4)]	–	2.4	2.5
Other cities[(5)]	2.2	2.2	1.9
Projects developed by independent third-party property developers	1.2	1.2	1.7
First-tier cities[(3)]	–	–	–
Second-tier cities[(4)]	–	–	1.7
Other cities[(5)]	1.2	1.2	1.7
Overall	2.5	2.7	2.7

Notes:

(1) Refers to properties developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest.

(2) Refers to (i) properties jointly developed by Ronshine China Group and all other independent property developers in which Ronshine China Group did not hold a controlling interest and (ii) a property developed by companies beneficially owned by Mr. Ou.

(3) Include Beijing, Shanghai, Guangzhou and Shenzhen, according to CIA.

(4) Include Tianjin, Shijiazhuang, Taiyuan, Hohhot, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Xi'an, Lanzhou, Xining, Yinchuan and Urumqi, according to CIA.

(5) Refers to the other cities in the PRC except first- and second-tier cities, according to CIA.

The table below sets forth a breakdown of our average property management fees for residential properties by property developer and type of residential properties for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	(RMB per sq.m. per month)		
Projects developed by Ronshine China Group[(1)]	2.4	2.6	2.6
High- and mid-end residential properties[(3)]	2.7	2.9	2.9
Relatively low-end residential properties[(4)]	1.8	1.8	1.8
Jointly Developed Projects[(2)]	2.0	2.2	2.3
High- and mid-end residential properties[(3)]	–	2.7	3.1
Relatively low-end residential properties[(4)]	2.0	2.0	1.9
Projects developed by independent third-party property developers	1.2	1.2	1.6
High- and mid-end residential properties[(3)]	–	–	–
Relatively low-end residential properties[(4)]	1.2	1.2	1.6
Total	2.3	2.5	2.5

Notes:

(1) Refers to properties developed by Ronshine China Group or properties in which Ronshine China Group held a controlling interest.

(2) Refers to projects (i) jointly developed by Ronshine China Group and all other property developers in which Ronshine China Group did not hold a controlling interest and (ii) developed by companies beneficially owned by Mr. Ou.

(3) Refers to residential properties with property management fees higher than the average property management fee for residential properties managed by the Top 100 Property Management Companies in 2019, which is 2.09 RMB per sq.m., according to CIA.

(4) Refers to residential properties with property management fees equal to or lower than the average property management fee for residential properties managed by the Top 100 Property Management Companies in 2019, which is 2.09 RMB per sq.m., according to CIA.

Value-added Services to Non-property Owners

Gross profit margin for our value-added services to non-property owners was 38.2%, 43.7% and 34.2%, respectively, in 2018, 2019 and 2020. The gross profit margin for our value-added services to non-property owners is affected by the mix of services under this business line, as the preliminary planning, design consultancy and pre-delivery services generally has higher gross profit margin given its relatively low labor costs due to limited labor requirement, while the sales assistance service and driving and vehicle dispatching and management services require more labor to perform the services.

The increase in our gross profit and gross profit margin for value-added services to non-property owners from 2018 to 2019 was primarily due to the increase in gross profit and gross profit margin for such services provided to Ronshine China Group and its joint venture and associates. Such increase was primarily due to (i) the greater economies of scale as a result of our business expansion, and (ii) the improvement of our cost control measures, including sub-contracting labor-intensive work to third parties and adopting technological solutions to achieve cost effectiveness in daily management and services to customers, we were able to efficiently allocate resources. As a result of the above measures, our gross profit margin of value-added services to non-property owners increase from 38.2% in 2018 to 43.7% in 2019, despite the increase in employee benefit expenses during the same year.

Our gross profit margin for value-added services to non-property owners decreased from 43.7% for 2019 to 34.2% for 2020, primarily due to the decrease in gross profit margin of our sales assistance services and preliminary planning, design consultancy and pre-delivery services, which was mainly due to the decreased demand for our sales assistance services and design consultancy and pre-delivery services in early 2020 in certain cities in the PRC as a result of slowdown in property development of certain properties due to the COVID-19 outbreak. In response to such situation, we charged service fee at a discount to the originally agreed service fee relating to the sale assistance services between February 2020 and May 2020, as mutually agreed with customers. We maintained generally the same number of employees for sales assistance services, as we believed that the demands for such services would rebound in the near future. Since May 2020, the temporary discounted service fee arrangement has been cancelled and we have resumed the original service fee scale. In addition, we expanded our sales assistance services portfolio to also provide certain supporting services, including but not limited to on-site visit and advertising of the properties for sale, to Ronshine China Group during 2020, which services generally had a relatively lower gross profit margin, primarily because such services are more labor-intensive as compared to other types of sales assistance services.

Community Value-added Services

Gross profit margin for our community value-added services was 31.0%, 39.9% and 34.4%, respectively, in 2018, 2019 and 2020. Our gross profit margin for community value-added services increased to 39.9% in 2019 from 31.0% in 2018, primarily due to (i) the commencement of our Joyful Leasing and Sale Services in 2019, which in general had a relative higher profit margin as compared to those of Joyful Life Service and Joyful Living Services, as it is less labor-intensive; and (ii) the increase in gross profit margin of our ancillary services for common areas, as we are able to achieve higher utilization rate of common area and grow a relatively stable customer base in 2019 and reduce cost of sales in relation to ancillary services for common areas. Our gross profit margin for community value-added services decreased to 34.4% for 2020 from 39.9% for 2019, primarily due to the increase in the revenue from our Joyful Life Services, which generally had a lower gross profit margin.

We determine prices for fresh products and other basic household items by reference to procurement costs and expected profit margins, while also taking into account other important factors, such as prices set by local retail competitors and purchasing power of our target consumers. We plan to gradually increase the prices for fresh products and other basic household items once we build a more stable customer base.

Other Income

Our other income primarily consists of (i) additional deduction of value-added input tax, and (ii) government grants, which were mainly comprised of government subsidies for creating jobs to support local economies and for supporting projects affected by COVID-19 outbreak. The following table sets forth a breakdown of our other income for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Additional deduction of value-added input tax	–	1,064	2,341
Government grants	590	363	2,314
Total	**590**	**1,427**	**4,655**

Other Gains – Net

Our other net gains primarily consists of (i) penalty expenses for payments made in 2019 and 2020 in relation to compliance with relevant laws and regulations, see "Business—Occupational Health, Safety and Environmental Matters" and "Business—Legal Proceeding and Compliance—Compliance" in this prospectus for more details on certain non-compliance incidents, (ii) fair value gains on financial assets at fair value through profit or loss in relation to the wealth management products we purchased, (iii) gains on disposal of property, plant and equipment, (iv) gains from forfeited deposits from tenants of non-residential properties, (v) net foreign exchange losses and (vi) others. The following table sets forth a breakdown of our other net gains for the years indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Penalty expenses	(53)	(409)	(161)
Fair value gains on financial assets at fair value through profit or loss, net	274	413	1,196
Gains on disposal of property, plant and equipment	–	52	50
Gains from forfeited deposits from tenants of non-residential properties	156	828	–
Net foreign exchange losses	–	–	(1)
Others	32	315	3
Total	**409**	**1,199**	**1,087**

Selling and Marketing Expenses

Our selling and marketing expenses mainly include (i) advertising expenses, which are primarily costs for advertising and marketing activities to promote our brands, (ii) marketing and sales employee benefit expenses relating to sales and marketing activities and (iii) others, which mainly includes traveling and entertainment expenses, and office expenses relating to sales and marketing activities.

Our selling and marketing expenses remained relatively stable to RMB6.5 million in 2019 from RMB6.8 million in 2018. Our selling and marketing expenses increased to RMB8.2 million in 2020 from RMB6.5 million in 2019, primarily due to the increase in advertising expenses, as a result of our increased advertising activities for our Joyful Life Services to promote our online community shopping services in 2020.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses for our administrative staff, (ii) Listing expenses recorded in 2020, (iii) office expenses, (iv) travelling and entertainment expenses, (v) depreciation and amortization charges, (vi) consultancy fee for research on our market positioning, (vii) lease payments on short term leases and (viii) others, which mainly include amortization of low-value consumables, expenses for insurance and training. In 2018, 2019 and 2020, we recorded administrative expenses of RMB59.8 million, RMB63.0 million and RMB92.3 million, respectively. The increase in our administrative expenses during the Track Record Period was in line with our business expansion. The table below sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Employee benefit expenses	42,281	70.7	46,607	74.0	58,823	63.8
Listing expenses	–	–	–	–	13,932	15.1
Travelling and entertainment expenses	3,250	5.4	3,481	5.5	4,267	4.6
Depreciation and amortization charges	2,582	4.3	2,853	4.5	3,158	3.4
Consultancy fee	3,032	5.1	2,595	4.1	3,577	3.9
Office expenses	3,187	5.3	2,128	3.4	3,068	3.3
Lease payments on short-term leases	730	1.2	640	1.0	558	0.6
Others	4,747	8.0	4,688	7.5	4,873	5.3
Total	59,809	100.0	62,992	100.0	92,256	100.0

Impairment Losses/Gains on Financial Assets, Net

Our net impairment losses of financial assets primarily are provisions for losses arising from potential bad debts in respect of our trade receivables and other receivables in the ordinary course of business. For details, please refer to Note 3.1.2 to the Accountant's Report included in Appendix I to this prospectus. In 2018 and 2019, we recorded net impairment losses on financial assets of RMB1.7 million and RMB1.3 million, respectively. Our net impairment losses on financial assets decreased by 21.2% to RMB1.3 million in 2019 from RMB1.7 million in 2018, primarily because we recovered certain deposits upon the completion of the relevant service agreements in 2019. We recorded net impairment losses on financial assets in an amount of RMB1.3 million in 2019, and recorded net impairment gains of RMB21,000 in 2020, primarily due to the decrease in allowance for impairment of trade and other receivables as we collected long outstanding trade and other receivables as a result of our strengthened collection activities.

Finance (Cost)/Income, Net

Our net finance (cost)/income mainly include interest income from bank deposits and interest expense from lease liabilities. In 2019 and 2020, we recorded net finance income of RMB49,000 and RMB285,000, respectively. In 2018, our net finance cost amounted to RMB19,000. The following table sets forth a breakdown of our net finance (cost)/income for the years indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Finance income from bank deposits	97	150	545
Finance cost			
Interest expense of lease liabilities	(116)	(101)	(260)
Total	**(19)**	**49**	**285**

Income Tax Expenses

Income tax expenses consist of current and deferred tax expenses in the PRC by our Company and our subsidiaries. The following table sets forth a breakdown of the income tax expenses for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	14,663	26,448	37,250
Deferred income tax	(2,153)	1,096	(422)
Total	**12,510**	**27,544**	**36,828**

In 2018, 2019 and 2020, our effective income tax rates, calculated as income tax expenses divided by profit before tax, were approximately 27.0%, 27.8% and 30.2%, respectively. Certain of our subsidiaries qualified as small and micro enterprises (小微企業) and therefore enjoyed a preferential tax rate of 10.0% in 2018, and 5.0% in 2019 and 2020. During the Track Record Period, our effective income tax rates were generally above 25%, primarily because (i) loss of our certain subsidiaries were subject to preferential tax rate; and (ii) certain expenses were non-taxable expenses. Our effective income tax rate remained relatively stable at 27.0% and 27.8% in 2018 and 2019, respectively. Our effective income tax rate increased from 27.8% for 2019 to 30.2% for 2020, primarily because listing expenses are non-taxable and we incurred RMB13.9 million of listing expenses in 2020.

We make our annual tax filings in accordance with the EIT Law requirement, which provides that the annual tax filings for a year (the "**EIT Annual Tax Filing**") shall be made and any final tax payment shall be settled within five months after the relevant year end. We recorded current income tax expenses of RMB14.7 million, RMB26.4 million and RMB37.3 million, respectively, for 2018, 2019 and 2020. We paid income tax of RMB5.5 million, RMB15.7 million and RMB53.2 million, respectively, in 2018, 2019 and 2020. See "I. Historical Financial Information of the Group—Consolidated Statements of Cash Flows" in the Accountants' Report included in Appendix I to this prospectus for more details on our income tax paid. The differences between the tax payments and the current income tax expenses were mainly due to the tax adjustments in relation to the timing difference in tax computation for the years from 2018 to 2020.

Before the adoption of the Accrual Basis (as defined below) for tax computation in the preparation of our EIT Annual Tax Filing for 2019 as discussed below, we calculated taxes based on the amounts of property management fees we received and relevant expenses that we paid (the "**Cash Basis**") in the relevant year. We originally adopted the Cash Basis, rather than the Accrual Basis (as defined below), mainly because the personnel responsible for preparing our tax filings mistakenly believed that tax filings should be prepared based on the revenue earned under the Cash Basis which was consistent with how the relevant subsidiaries kept their books in the past. Pursuant to the relevant PRC requirements, accounts to be filed for income tax computation purpose should, in principle, be determined based on when the revenue from the delivery of goods or rendering of services to customer is earned (the "**Accrual Basis**"), regardless of the timing of payment or collections; and for value-added tax computation purpose, it should be determined on the basis of the occurrence of the taxable activities and the earlier of payments being received by us or having achieved the basis upon which we would be entitled to such payments. Upon identification of this issue when preparing our consolidated financial statement for the Listing, we took the initiative to inform the local tax authority and adopted the Accrual Basis in preparing our tax filings starting in the third quarter of 2020. We also applied such change to adopt the Accrual Basis retrospectively, and made filings with the relevant tax authority regarding the adjustment resulting from the change and payment of underpaid tax for the period of January 1, 2018 to 2020. As of the Latest Practicable Date, we had paid the amount of underpaid income tax and value-added tax of RMB46.4 million in full for all of our relevant PRC subsidiaries and branch offices to rectify the difference.

Our Directors confirmed that we had no tax payment or late fee outstanding resulting from the abovementioned change as of the date of this prospectus. Considering that (i) during the Track Record Period and up to the Latest Practicable Date, we had not been charged any penalty with respect to tax filings we had made; (ii) we have adopted the Accrual Basis for tax computation in our income tax filings since the identification of the issue in relation to the Cash Basis; (iii) we have made an one-off tax adjustment reflecting the adoption of the Accrual Basis for tax computation, and paid the underpaid income tax and value-added tax in full; (iv) we have conducted consultation with the relevant tax authority in respect of our relevant PRC subsidiaries, which has been advised by our tax advisor as the competent authority to consult with for such tax matter, and confirmed that the relevant tax authority had no objection to our one-off tax adjustment nor our PRC tax advisor's view that no tax payment or late fee would be outstanding after such payment; (v) we have obtained the confirmation letters from the relevant tax authorities which, as advised by our PRC Legal Advisors, are the competent authorities to issue such confirmation letters, confirming that there was no tax payment amount outstanding for the Track Record Period and/or that no tax penalty had been imposed on us in relation to the above-mentioned tax filing matter and (vi) our PRC tax advisor's review of the relevant tax payment records and tax filings, our PRC tax advisor is of the view that, as we have voluntarily made the tax adjustment and settled tax payment in full, the risk of us being penalized for any late fee or penalty by the relevant tax authority for such tax matter is remote. As such, our Directors are of the view that the tax filing matters discussed above would not have any material and adverse impact on our business, financial performance and results of operations.

To prevent the recurrence of similar incidents, we have implemented the following enhanced internal control measures in the third quarter of 2020: (i) we have adopted a tax management policy which clearly requires the adoption of the Accrual Basis for tax filings; (ii) we require our subsidiaries and branches to collect and study local tax regulations and new policies which may be issued and amended from time to time; (iii) we have formulated future training plans and will arrange our relevant employees to attend trainings on applicable laws and regulations on a regular basis; and (iv) we have further established internal procedures to conduct internal inspections on tax compliance annually and if needed, will formulate correction measures and plans in a timely manner, designate responsible personnel and monitor and review correction progress to ensure compliance with the applicable laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes when due and there were no matters in dispute or unresolved with any tax authorities.

RESULTS OF OPERATIONS

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our total revenue increased by 44.7% to RMB750.4 million in 2020 from RMB518.4 million in 2019, primarily due to the increases in the revenue generated from our property management services and value-added services to non-property owners.

- *Property management services.* Our revenue from property management services increased by 28.9% to RMB367.3 million in 2020 from RMB285.0 million in 2019, primarily due to (i) the increase in our total GFA under management for project developed by Ronshine China Group from 54 projects of approximately 8.5 million sq.m. in 2019 to 74 projects of approximately 11.0 million sq.m. in 2020 as a result of the business expansion of Ronshine China Group; and (ii) an increase in the average property management fee for projects developed by Ronshine China Group from RMB2.7 per sq.m. per month for 2019 to RMB2.8 per sq.m. per month for 2020.

- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased significantly to RMB368.2 million in 2020 from RMB225.1 million in 2019, primarily due to increases in (i) revenue from our sales assistance service as a result of the significant increases in the pre-sales activities from 58 projects developed by Ronshine China Group and Jointly Developed Projects for 2019 to 74 projects developed by Ronshine China Group and Jointly Developed Projects for 2020; and (ii) revenue generated from our preliminary planning, design consultancy and pre-delivery services, as a result of the increased engagement from Ronshine China Group from 65 contracts for 2019 to 134 contracts for 2020.

- *Community value-added services.* Our revenue from community value-added services increased by 77.4% to RMB14.9 million in 2020 from RMB8.4 million in 2019, primarily due to the increase in revenue from Joyful Life Services in 2020 from 2019 as a result of the increase in demand for our Joyful Life Services from approximately 4,400 orders for 2019 to approximately 34,000 orders for 2020, as a result of the COVID-19 pandemic in 2020.

Cost of Sales

Our total cost of sales increased by 52.1% to RMB534.1 million in 2020 from RMB351.2 million in 2019, primarily due to the increases in (i) employee benefit expenses from RMB263.6 million for 2019 to RMB402.0 million for 2020, as a result of the increase in the number of employees from 4,805 for 2019 to 5,342 for 2020 and the overall increase in our employees' compensation level, which includes basic salary, bonus and allowances; and (ii) greening and cleaning expenses and security charges as a result of our continued business expansion and corresponding increase in cost of sub-contracting arrangements to third party sub-contractors.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by 29.3% to RMB216.3 million in 2020 from RMB167.2 million in 2019, primarily attributable to our continued business expansion. Our overall gross profit margin decreased from 32.3% in 2019 to 28.8% in 2020, respectively.

- *Property management services.* Our gross profit for property management services increased by 30.1% to RMB85.3 million in 2020 from RMB65.5 million in 2019 due to the increase in our total GFA under management from 2019 to 2020. Gross profit margin for property management services remained relatively stable at 23.0% and 23.2% in 2019 and 2020, respectively.

- *Value-added services to non-property owners*. Our gross profit for value-added services to non-property owners increased by 28.0% to RMB125.9 million in 2020 from RMB98.4 million in 2019. Gross profit margin for value-added services to non-property owners decreased to 34.2% in 2020 from 43.7% in 2019, primarily due to the decrease in gross profit margin of our sales assistance services and preliminary planning, design consultancy and pre-delivery services, which was mainly due to the decrease of our sales assistance services and preliminary planning, design consultancy and pre-delivery services provided in early 2020 in certain cities in the PRC as a result of slowdown in property development of certain properties due to the COVID-19 outbreak. As a result, we charged service fee at a discount to the originally agreed service fee relating to the sale assistance services between February 2020 and May 2020, as mutually agreed with customers. In addition, we expanded our sales assistance services portfolio to also provide certain supporting services, including but not limited to on-site visit and advertising of the properties for sale, to Ronshine China Group during 2020, which services generally had a relatively lower gross profit margin, primarily because such services are more labor-intensive as compared to other types of sales assistance services.

- *Community value-added services.* Our gross profit for community value-added services increased by 54.5% to RMB5.1 million in 2020 from RMB3.3 million in 2019, with gross profit margin for community value-added services decreased to 34.4% in 2020 from 39.9% in 2019, primarily due to the increase in the revenue from our Joyful Life Services, which generally had a lower gross profit margin.

Other Income

Our other income increased significantly to RMB4.7 million in 2020 from RMB1.4 million in 2019, primarily due to the increase in government grants from COVID-19 relief grant for companies providing property management services to residential properties from local governments in cities where we have operations.

Other Gains – Net

Our net other gains decreased by 8.3% to RMB1.1 million in 2020 from RMB1.2 million in 2019, primarily due to the decrease in gains from forfeited deposits from tenants of non-residential properties as we collected the deposits forfeited by tenants for early termination of agreements in 2019, comparing to none in 2020.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 25.6% to RMB8.2 million in 2020 from RMB6.5 million in 2019, primarily due to the increase in advertising expenses, as a result of our increased efforts to promote our community shopping services in 2020.

Administrative Expenses

Our administrative expenses increased by 46.5% to RMB92.3 million in 2020 from RMB63.0 million in 2019, primarily due to (i) the increase in the number of our management staff, from 178 management staff in 2019 to 314 management staff in 2020, and their overall compensation; and (ii) the incurrence of listing expenses of RMB13.9 million.

Impairment Losses/Gains of Financial Assets, Net

We recorded net impairment losses of financial assets in an amount of RMB1.3 million in 2019 and recorded net impairment gains of RMB21,000 in 2020, primarily because we strengthened the collection of long outstanding trade and other receivables.

Finance Income, Net

Our net finance income increased significantly to RMB0.3 million in 2020 from RMB49,000 in 2019, primarily due to the increase in interest income from bank deposits.

Income Tax Expenses

Our income tax expenses increased significantly to RMB36.8 million in 2020 from RMB27.5 million in 2019, primarily due to our increased profit before tax. Our effective tax rate increased from 27.8% in 2019 to 30.2% in 2020, primarily due to listing expenses of RMB13.9 million in 2020, which was not deductible for tax purposes.

Profit for the Year

As a result of the foregoing, our profit increased by 19.0% to RMB85.1 million in 2020 from RMB71.5 million in 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our total revenue increased by 25.3% to RMB518.4 million in 2019 from RMB413.6 million in 2018, primarily due to our overall business growth.

- *Property management services.* Our revenue from property management services increased by 20.5% to RMB285.0 million in 2019 from RMB236.6 million in 2018, primarily due to the increase in our total GFA under management for projects developed by Ronshine China Group from approximately 6.0 million sq.m. in 2018 to approximately 8.5 million sq.m. in 2019 as a result of the business expansion of Ronshine China Group. Our revenue increased to a lesser extent than the increase of GFA from 2018 to 2019, primarily because certain properties developed by Ronshine China Group and independent third-party property developers were delivered in the second half of 2019, and revenue from these properties was recognized after property delivery.

- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 30.3% to RMB225.1 million in 2019 from RMB172.8 million in 2018, primarily because of the increases in revenue generated from our preliminary planning, design consultancy and pre-delivery services, as a result of increased engagements from Ronshine China Group in 2018 from 32 contracts to 65 contracts in 2019.

- *Community value-added services.* Our revenue from community value-added services increased by 94.6% to RMB8.4 million in 2019 from RMB4.3 million in 2018, primarily due to the increases in (i) revenue generated from our Joyful Living Service and ancillary services for the common area, as a result of the increase in GFA under our management, which was in line with our overall business expansion; and (ii) the commencement of sale of goods under Joyful Life Service in 2019.

Cost of Sales

Our total cost of sales increased by 17.1% to RMB351.2 million in 2019 from RMB300.0 million in 2018, primarily due to the increase in employee benefit expenses as a result of the increase in the number of employees from 4,361 in 2018 to 4,805 in 2019 due to our business expansion. Our cost of sales increased at a rate slower than our revenue, primarily due to our effective cost control measures by sub-contracting labor-intensive tasks to third party sub-contractors.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by 47.1% to RMB167.2 million in 2019 from RMB113.7 million in 2018, primarily due to our continued business expansion. Our gross profit margin increased to 32.3% in 2019 from 27.5% in 2018, primarily reflecting the increases in gross profit margins of value-added services to non-property owners and property management services from 2018 to 2019.

- *Property management services.* Our gross profit for property management services increased by 41.5% to RMB65.5 million in 2019 from RMB46.3 million in 2018. Gross profit margin for property management services improved to 23.0% in 2019 from 19.6% in 2018, primarily due to (i) an increase in the average property management fee for residential properties from RMB2.3 per sq.m. per month in 2018 to RMB2.5 per sq.m. per month in 2019, which was mainly due to the increased projects developed by Ronshine China Group and delivered to us for management in 2019; (ii) the increase in GFA under management for non-residential properties, which generally has higher gross profit margin from approximately 4.6 million sq.m. to approximately 7.1 million sq.m.; and (iii) the improvement of our cost control measures, such as sub-contracting labor-intensive work to third parties to reduce labor cost and employing technological solutions to replace manual labor to improve operating efficiency.

- *Value-added services to non-property owners.* Our gross profit for value-added services to non-property owners increased by 49.0% to RMB98.4 million in 2019 from RMB66.0 million in 2018. Gross profit margin for value-added services to non-property owners increased to 43.7% in 2019 from 38.2% in 2018, primarily due to the implementation of our cost control measures, including sub-contracting labor-intensive work, such as cleaning services, security services and repair and maintenance services, to third parties to reduce labor cost.

- *Community value-added services.* Our gross profit for community value-added services increased to RMB3.3 million in 2019 from RMB1.3 million in 2018, with gross profit margin for community value-added services increasing from 31.0% in 2018 to 39.9% in 2019, primarily due to (i) the commencement of our Joyful Leasing and Sale Services in 2019, which in general had a higher gross profit margin as it is relatively less labor-intensive; and (ii) the increase in gross profit margin of our ancillary services for common areas, as we were able to achieve higher utilization rate of common area and grow a relatively stable customer base in 2019 and therefore reduced cost of sales in relation to ancillary services for the common area.

Other Income

Our other income increased significantly to RMB1.4 million in 2019 from RMB0.6 million in 2018, primarily due to the increase in the additional deduction of value-added input tax pursuant to the relevant PRC value-added tax deduction reform regulation in April 2019.

Other Gains – Net

Our net other gains increased significantly to RMB1.2 million in 2019 from RMB0.4 million in 2018, primarily due to the increase in gains from forfeited deposits from tenants of non-residential properties as a result of their early termination of the property management agreement and net fair value gains on financial assets at fair value through profit or loss.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable to RMB6.5 million in 2019 from RMB6.8 million in 2018.

Administrative Expenses

Our administrative expenses increased slightly to RMB63.0 million in 2019 from RMB59.8 million in 2018 primarily due to the increase in employee benefit expenses for our administrative staff as a result of our continuous business expansion.

Impairment Losses of Financial Assets, Net

Our net impairment losses of financial assets decreased 21.2% to RMB1.3 million in 2019 from RMB1.7 million in 2018, primarily because we recovered certain prepaid deposit upon the expiration of service period of property management services in 2019.

Finance Income/cost, Net

We recorded net finance income of RMB49,000 in 2019 and net finance cost of RMB19,000 in 2018, primarily due to the increase in interest income from our bank deposits.

Income Tax Expenses

Our income tax expenses increased significantly to RMB27.5 million in 2019 from RMB12.5 million for 2018, primarily due to our increased profit before tax. Our effective tax rate remained relatively stable from 27.0% in 2018 to 27.8% in 2019.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly to RMB71.5 million in 2019 from RMB33.8 million in 2018.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED BALANCE SHEET

The following table sets forth a summary of our consolidated balance sheet as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	4,467	2,968	15,741
Intangible assets	520	428	393
Deferred income tax assets	3,858	2,762	3,184
Total non-current assets	**8,845**	**6,158**	**19,318**
Current assets			
Trade and other receivables and prepayments	133,176	222,560	148,702
Financial assets at fair value through profit or loss	32,500	73,000	–
Restricted cash	4,197	9,548	5,352
Cash and cash equivalents	50,394	71,121	249,221
Total current assets	**220,267**	**376,229**	**403,275**
Total assets	**229,112**	**382,387**	**422,593**

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Equity attributable to owners of the Company			
Share Capital	–	–	–
Share premium	–	–	146,798
Other reserves	5,000	5,000	(179,798)
Retained earnings	36,139	106,175	88,686
	41,139	111,175	55,686
Non-controlling interests	**(4,348)**	**(2,879)**	**(319)**
Total equity	**36,791**	**108,296**	**55,367**
Non-current liabilities			
Lease liabilities	507	380	5,740
Current liabilities			
Contract liabilities	32,520	48,548	82,548
Trade and other payables	146,104	200,947	270,077
Lease liabilities	1,382	1,059	2,725
Current income tax liabilities	11,808	23,157	6,136
Total current liabilities	**191,814**	**273,711**	**361,486**
Total liabilities	**192,321**	**274,091**	**367,226**
Total assets less current liabilities	**37,298**	**108,676**	**61,107**
Net current assets	**28,453**	**102,518**	**41,789**

Property, Plant and Equipment

Our property, plant and equipment mainly consist of right-of-use assets, leasehold improvements and other fixed assets. Our property, plant and equipment was RMB4.5 million, RMB3.0 million and RMB15.7 million as of December 31, 2018, 2019 and 2020, respectively. Our property, plant and equipment decreased from RMB4.5 million as of December 31, 2018 to RMB3.0 million as of December 31, 2019, primarily due to the decrease in our right-of-use assets and leasehold improvements, as certain of our office leases that had a three year term from 2018 to 2019. As the remaining term of the lease was shortened, our right-of-use assets gradually decreased from 2018 to 2019. Our property, plant and equipment increased from RMB3.0 million as of December 31, 2019 to RMB15.7 million in 2020, primarily due to the increase in our right-of-use assets relating to offices we leased in Shanghai and Chengdu in 2020.

Deferred Tax Assets

We had deferred tax assets of RMB3.9 million, RMB2.8 million and RMB3.2 million as of December 31, 2018, 2019 and 2020, respectively which consisted of (i) the deferred tax assets arising from allowance on doubtful debts and/or (ii) the deferred tax assets arising from tax losses of RMB1.9 million, RMB0.6 million and RMB0.9 million as of the same dates, respectively. See Note 25 to the Accountant's Report included in Appendix I to this prospectus for more details.

Financial Assets at Fair Value through Profit or Loss

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Short-term investments			
– Wealth management products			
Level 2	31,500	72,000	–
Level 3	1,000	1,000	–
	32,500	**73,000**	**–**

To manage our cash on hand, we purchase and redeem wealth management products from which we could readily access cash as needed and generate higher short-term investment returns than fixed-rate returns from bank deposits, as we consider that these products are highly liquid and bear a relatively low level of risk. We have implemented treasury management policies to govern investments in wealth management products. We only invest in such products when we have excess idle cash and when such investments will not affect our cash needs during the ordinary course of our business operations. Our chief financial officer monitors our cash flow before approving investments on wealth management products. The wealth management products in which we purchased during the Track Record Period are non-principal guaranteed investments with floating rate of return with or without a maturity period, which are generally the low-to medium-risk wealth management products issued by nationally renowned commercial banks in the PRC. The underlying assets under the wealth management products include treasury bonds, financial bonds, central bank bills, money market instruments, money market funds, standardized fixed income assets and non-standard debt assets, among others. The underlying assets are not related to Ronshine China Group. Our finance department regularly checks the Company's bank accounts and ensures our investments complies with our treasury management policies. We recorded net gain on investment in wealth management products of RMB0.3 million, RMB0.4 million and RMB1.2 million, respectively, in 2018, 2019 and 2020. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to duration of investment and the expected returns and potential losses of such investment. Upon the expiration of the current wealth management products, we do not plan to invest in wealth management products in the future.

We have established and implemented rules and procedures relating to, among other things, securities investment such as wealth management products, including but not limited to: (i) assessment on the investment target, investment amount, expected return rate, investment return analysis and investment risk analysis is required; (ii) the assessment will then be approved by the chief financial officer; (iii) regular review on the status and returns of our investments are also required; and (iv) for the level 3 investments, the Directors review the fair value measurement of the financial investments taking into account of the valuation techniques and assumptions of unobservable inputs and determine if the fair value measurement of level 3 investments is in compliance with the applicable HKFRS. Having performed these procedures, the Directors consider that the carrying amount of the level 3 investments including wealth management products were reasonable and approximate to the fair values due to the short maturities of the investments.

The details on the fair value measurement of the financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Note 17 of the Accountant's Report in Appendix I which was issued by the Reporting Accountant 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. The Reporting Accountant's opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

In assessing the valuation of the Group's financial assets measured at fair value through profit or loss categorized within level 3 of fair value measurement, the Sole Sponsor performed the following independent due diligence work: (i) discussed with the Directors on the key basis and assumptions for the valuation of the financial asset; (ii) reviewed the relevant notes in the Accountant's Report included in Appendix I to the Prospectus; (iii) reviewed the relevant financial model with respect to the financial assets and (iv) discussing with the Reporting Accountant to understand the work they have performed in relation to the valuation of level 3 financial assets for the purpose of reporting on the Historical Financial Information of the Group as a whole. Having considered the work performed by the Company's management, the Directors and the unqualified opinion on the Historical Financial Information of the Group as a whole issued by the Reporting Accountant, and the relevant due diligence work as stated above, nothing material has come to the Sole Sponsor's attention that indicates that the Directors have not undertaken independent and sufficient investigation and due diligence.

Trade and Other Receivables and Prepayments

Trade Receivables

Trade receivables primarily arise from provision of various services and sales of goods in the ordinary course of business. We recognize trade receivables upon rendering relevant property management or value-added services according to relevant agreements, and reduce trade receivables when property owners or property developers pay us the fees due. The fees for property management services are typically due for payment by property owners and residents upon our issuance of a demand note. We typically demand payment for our property management services upon receipt of the demand note by property owners and residents. To facilitate the timely collection of property management fees and other payments, we may send payment reminders to property developers, property owners and residents in writing on a monthly basis. The table below sets forth a breakdown of the trade receivables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Related parties	66,926	118,833	49,049
– Third parties	28,756	34,020	56,816
Less: allowance for impairment of trade receivables	(2,101)	(3,123)	(4,231)
	93,581	149,730	101,634

Our trade receivables increased from RMB93.6 million as of December 31, 2018, to RMB149.7 million as of December 31, 2019, primarily due to the increases in (i) property management services for residential and non-residential properties and (ii) value-added services to non-property owners, as a result of our overall business expansion. See "—Related Party Transactions—Significant Related Party Transactions" below for details of related party transactions and relevant discussion and analysis. Our trade receivables decreased from RMB149.7 million as of December 31, 2019 to RMB101.6 million as of December 31, 2020, primarily due to the enhancement of our collection efforts with related parties.

The following table sets forth our average trade receivable turnover days for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
Overall average trade receivable turnover days[(1)]	**59**	**86**	**61**
Average trade receivable turnover days from related parties[(1)]	104	183	100
Average trade receivable turnover days from independent third party[(1)]	34	32	34

Note:

(1) Average trade receivable turnover days for a certain year equals average trade receivables divided by revenue for the year and then multiplied 365 for a full year period. Average trade receivables are calculated as trade receivables as of the beginning of the year plus trade receivables as of the end of the year, divided by two.

Average trade receivables turnover days indicate the average time required for us to collect cash payments from provision of services. The increase in our overall average trade receivable turnover days from 59 days in 2018 to 86 days in 2019 was primarily due to the longer turnover days of trade receivables from related parties. Our trade receivables turnover days decreased from 86 days as of December 31, 2019 to 61 days as of December 31, 2020 mainly due to decrease in our trade receivables, which decreased from RMB149.7 million as of December 31, 2019 to RMB101.6 million as of December 31, 2020, primarily due to the enhancement of our collection efforts with related parties. Our customers are generally required to make payment on a monthly or quarterly payment term.

During the Track Record Period, our trade receivables turnover days for related parties were generally longer than for third parties, primarily because we did not collect our trade receivables from related parties as frequently as we did from independent third parties considering the risk of default from our related parties was relatively low. Our Directors confirm that, upon Listing, we will adopt a more stringent collection policy with our related parties by enhancement in our collection efforts and granting them credit periods that are comparable to credit period granted to independent third parties.

The following table sets forth an aging analysis of the trade receivables as of the dates indicated, based on the invoice date and net of allowance for impairment:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within one year	89,859	144,674	96,972
One to two years	3,192	4,042	3,722
Two to three years	528	1,014	940
Over three years	2	–	–
Total	**93,581**	**149,730**	**101,634**

The following table sets forth an aging analysis of our trade receivables as of the dates indicated with related parties, based on the invoice date and net of allowance for impairment:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within one year	66,596	117,596	49,043
one to two years	328	1,232	6
two to three years	–	5	–
Over three years	2	–	–
Total	**66,926**	**118,833**	**49,049**

The following table sets forth an aging analysis of our trade receivables as of the dates indicated with independent third parties, based on the invoice date and net of allowance for impairment:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within one year	23,263	27,078	47,929
One to two years	2,864	2,810	3,716
Two to three years	528	1,009	940
Total	**26,655**	**30,897**	**52,585**

Net trade receivables aged over one year amounted to RMB3.7 million, RMB5.1 million and RMB4.7 million as of December 31, 2018, 2019 and 2020, respectively, which accounted for 4.0%, 3.4% and 4.6%, respectively, of our net trade receivables as of the respective dates. Our Directors consider that there is no material recoverability issue with respect to such trade receivables aged over one year for the following reasons: (i) such trade receivables were mainly from independent third parties which are primarily related to property management fees receivables from a large number of individual property owners each involving a relatively limited amount of outstanding trade receivables, (ii) we monitor long-aging trade receivables closely, and as elaborated in "Business—Property Management Services—Payment and Credit Terms," we have taken various measures to enhance the collection of such trade receivables. We have established measures to closely monitor the collection of our trade receivables, including to (i) update the collection status of trade receivables on a monthly basis; (ii) for any trade receivables that are due beyond three months, we shall start collection activities; and (iii) our finance, legal and operation departments shall work collaboratively to push collection efforts forward. A significant majority of our trade receivables are aged within one year. Our staff strictly follow the above measures and closely monitor trade receivables that are past due. During the Track Record Period, our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was 94.4%, 94.5% and 95.3%, respectively. As such, our Directors believe that no additional impairment is necessary for the unsettled trade receivables.

We apply the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For details, please refer to Note 3.1.2 to the Accountant's Report included in Appendix I to this prospectus. The table below sets forth the movements in the allowance for impairment of trade receivables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of year	1,358	2,101	3,123
Net impairment losses on trade receivables	743	1,022	1,108
As of the end of year	**2,101**	**3,123**	**4,231**

As of April 30, 2021, RMB70.7 million, or approximately 69.6%, among which RMB36.1 million from related parties and RMB34.6 million from independent third parties, of our trade receivables as of December 31, 2020, were subsequently settled.

Prepayment and Other Receivables

The table below sets forth the breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers			
– Third parties	563	1,367	4,402
Deferred listing expenses	–	–	4,391
Prepaid tax	820	1,422	368
Other receivables			
– Related parties	23,465	54,175	10,190
– Third parties	20,555	21,993	32,715
Less: allowance for impairment of other receivables	(5,808)	(6,127)	(4,998)
Subtotal	**38,212**	**70,041**	**37,907**
Total	**39,595**	**72,830**	**47,068**

Our prepayments and other receivables mainly represent (i) prepayments to suppliers, (ii) deferred listing expenses, (iii) prepaid tax, and (iv) other receivables. See "Business—Property Management Services—Property Management Fees" in this prospectus for more details on the collection of payments that we made on behalf of property owners and residents.

Prepayments to suppliers

Our prepayments to suppliers primarily consist of utility fees paid to municipal authorities and/or public utility companies, and procurement costs for materials. Our prepayments to suppliers increased to RMB1.4 million as of December 31, 2019 from RMB0.6 million as of December 31, 2018, and further increased to RMB4.4 million as of December 31, 2020, primarily due to the anticipated expansion of our Joyful Life Service.

Other Receivables

Our other receivables primarily consists of deposits paid to third parties and related parties as to secure new property management agreements, and receivables from property owners and residents for utility payments we made on behalf of them. Our other receivables increased to RMB70.0 million as of December 31, 2019 from RMB38.2 million as of December 31, 2018, primarily due to the increase in other receivables from related parties, resulting from the increase in deposits paid to our related parties to secure preliminary property management service agreements, which was generally in line with our business expansion, in particular the increases in our value-added services to non-property owners in 2019. Our other receivables decreased to RMB37.9 million as of December 31, 2020 from RMB70.0 million as of December 31, 2019, primarily due to the decreased in other receivables from related parties, as certain receivables were settled as of December 31, 2020 due to the completion of the relevant service agreements.

Trade and Other Payables

Trade Payables

Trade payables primarily represent our obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including purchases of materials and utilities and purchases from subcontractors. We typically pay our suppliers on a monthly payment term.

The following table sets forth an aging analysis of the trade payables as of the dates indicated, based on the invoice date:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	25,324	33,174	49,564
One to two years	1,049	1,927	370
Two to three years	209	158	799
Over three years	13	155	199
Total	**26,595**	**35,414**	**50,932**

Our trade payables increased during the Track Record Period. We had trade payables amounted to RMB26.6 million, RMB35.4 million and RMB50.9 million as of December 31, 2018, 2019 and 2020. The increase during from 2018 to 2020 was primarily due to the increase in expenses paid to sub-contractors as a result of the increase in GFA under our management during the Track Record Period.

	For the year ended December 31,		
	2018	**2019**	**2020**
Average trade payable turnover days[(1)]	26	32	30

Note:

(1) Average trade payable turnover days for a year equals average trade payables divided by cost of sales for the year and then multiplied by 365 for a full year period. Average trade payables are calculated as trade payables as of the beginning of the year plus trade payables as of the end of the year, divided by two.

Our average trade payable turnover days indicate the average time we take to make payments to suppliers, which generally increased from 2018 to 2019, primarily because we were granted extended credit terms by sub-contractors. Our average trade payable turnover days remained relatively stable at 32 and 30 days in 2019 and 2020, respectively.

As of April 30, 2021, RMB46.0 million, or approximately 90.2%, of our trade payables as of December 31, 2020, were subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) other payables, primarily including renovation deposits paid by and utility payments made on behalf of property owners or residents, and advances from related parties, (ii) accrued payrolls, and (iii) other tax payables which mainly include VAT payables.

The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Other payables			
– Related parties	4,842	14,699	8,704
– Third parties	63,986	78,156	103,313
Accrued payroll	41,731	59,520	91,031
Other taxes payables	8,950	13,158	16,097
Total	**119,509**	**165,533**	**219,145**

Our other payables and accruals increased from RMB119.5 million as of December 31, 2018 to RMB165.5 million as of December 31, 2019, and further increased to RMB219.1 million as of December 31, 2020, primarily due to (i) the increases in other payables, mainly renovation deposits and utility payments, to related parties and third parties as a result of the increased number of properties we managed, and (ii) an increase in accrued payroll as a result of our business expansion.

Contract Liabilities

Our contract liabilities primarily consist of advances of property management fees and other service fees. Our contract liabilities increased from RMB32.5 million as of December 31, 2018 to RMB48.5 million as of December 31, 2019, and further increased to RMB82.5 million as of December 31, 2020, primarily due to the increase in the number of properties we managed.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets out current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current assets				
Trade and other receivables and prepayments	133,176	222,560	148,702	223,188
Financial assets at fair value through profit or loss	32,500	73,000	–	–
Restricted cash	4,197	9,548	5,352	5,352
Cash and cash equivalents	50,394	71,121	249,221	179,548
Total current assets	**220,267**	**376,229**	**403,275**	**408,088**
Current liabilities				
Trade and other payables	146,104	200,947	270,077	237,254
Contract liabilities	32,520	48,548	82,548	73,465
Lease liabilities	1,382	1,059	2,725	3,505
Current income tax liabilities	11,808	23,157	6,136	10,923
Total current liabilities	**191,814**	**273,711**	**361,486**	**325,147**
Net current assets	**28,453**	**102,518**	**41,789**	**82,941**

Our net current assets increased significantly from RMB28.5 million as of December 31, 2018 to RMB102.5 million as of December 31, 2019, mainly due to (i) an RMB89.4 million increase in trade and other receivables and prepayments as a result of (a) increase in trade receivables by RMB56.1 million in the ordinary course of business, (b) an increase in amount due from Ronshine China Group of RMB30.0 million, which mainly represented deposits of service provided to Ronshine China Group for securing new property management agreements; (ii) an increase in financial assets at fair value through profit or loss of RMB40.5 million due to the increase in investment of wealth management products in 2019 and (iii) an increase in cash and cash equivalent of RMB20.7 million, partially offset by (i) an increase in trade and other payables of RMB54.8 million due to (a) an increase in other payables due to related parties of RMB9.9 million as a result of the increased number of properties we managed, (b) an increase in other payables due to third parties of RMB14.2 million due to the increase in renovation deposit paid by property owners or residents, (c) an increase in accrued payroll of RMB17.8 million and (d) an increase in trade payable of RMB8.8 million. See "—Description of Selected Items of Consolidated Balance Sheet—Trade and Other Payables—Other Payables and Accruals" in this sections for further discussions; (ii) an increase in contract liabilities of RMB16.0 million as a result of the increase in the number of properties we managed; and (iii) an increase in current income tax liabilities of RMB11.4 million due to the increase in profit in 2019.

Our net current assets decreased from RMB102.5 million as of December 31, 2019 to RMB41.8 million as of December 31, 2020, mainly due to (i) an increase in trade and other payables of RMB69.1 million, as a result of the increase in the trade and other payables due to third parties and employee benefits payables because of the increase in the numbers of properties under our management in 2020; (ii) an increase in contract liabilities of RMB34.0 million as a result of the increase in the number of properties we managed, (iii) a decrease of financial assets at fair value through profit or loss of RMB73.0 million upon expiration of relevant contracts, (iv) a decrease in trade and other receivables and prepayments of RMB73.9 million, mainly due to enhancement of our collection efforts with related parties and (v) partially offset by the increase in cash and cash equivalents of RMB178.1 million.

Our net current assets increased from RMB41.8 million as of December 31, 2020 to RMB82.9 million as of April 30, 2021, mainly due to (i) an increase in trade and other receivables and prepayments of RMB74.5 million, (ii) a decrease in the trade and other payables of RMB32.8 million and (iii) a decrease in contract liabilities of RMB9.1 million, partially offset by (i) a decrease in cash and cash equivalents of RMB69.7 million, (ii) an increase in current income tax liabilities of RMB4.8 million and (iii) an increase in current lease liabilities of RMB0.8 million.

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash has been for working capital purposes. Our main source of liquidity has been generated from cash flow from operations. In the foreseeable future, we expect cash flow from operations to continue to be our principal source of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements.

Cash Flow

The following table sets forth selected cash flow data from our consolidated statements of cash flows as of the dates indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flow before changes in working capital	50,773	103,146	124,043
Changes in working capital	(24,356)	(24,603)	184,793
Cash generated from operations	**26,417**	**78,543**	**308,836**
Interest received	97	150	545
Income tax paid	(5,532)	(15,701)	(53,217)
Net cash generated from operating activities	20,982	62,992	256,164
Net cash (used in)/generated from investing activities	(10,716)	(40,432)	67,058
Net cash used in financing activities	(1,349)	(1,833)	(145,121)
Net increase in cash and cash equivalents	**8,917**	**20,727**	**178,101**
Cash and cash equivalents as of the beginning of year	41,477	50,394	71,121
Exchange losses on cash and cash equivalents	–	–	(1)
Cash and cash equivalents as of the end of year	**50,394**	**71,121**	**249,221**

Net Cash from Operating Activities

Our cash flow from operating activities primarily reflects (i) profit before tax adjusted for non-cash and non-operating items, (ii) the effects of movements in working capital, (iii) interests received, and (iv) income tax paid.

In 2020, our net cash generated from operating activities was RMB256.1 million, consisting of cash generated from operations of RMB308.8 million and interests received of RMB0.5 million, partially offset by income tax paid of RMB53.2 million, respectively. Operating cash inflow before changes in working capital was RMB124.0 million, primarily attributable to profit before tax of RMB121.9 million. Changes in working capital contributed a cash inflow in the amount of RMB184.8 million, consisting primarily of (i) a decrease in trade and other receivables and prepayments of RMB77.2 million, (ii) an increase in trade and other payables of RMB69.4 million, (iii) an increase in contract liabilities of RMB34.0 million and (iv) a decrease in restricted cash of RMB4.2 million.

In 2019, our net cash from operating activities was RMB63.0 million, consisting of cash generated from operations of RMB78.5 million and interest received of RMB0.2 million, partially offset by income tax paid of RMB15.7 million. Operating cash inflow before changes in working capital was RMB103.1 million, primarily attributable to profit before tax of RMB99.0 million. Changes in working capital contributed a cash outflow in the amount of RMB24.6 million, consisting primarily of (i) an increase in trade and other receivables and prepayments of RMB90.1 million, as a result of our business expansion and (ii) an increase in restricted cash of RMB5.4 million, partially offset by (i) an increase in trade and other payables of RMB54.8 million, primarily due to the increase in expenses paid to sub-contractors as a result of the increase in GFA under our management and (ii) an increase in contract liabilities of RMB16.0 million, primarily due to the increase in the number of properties we managed.

In 2018, our net cash from operating activities was RMB21.0 million, consisting of cash generated from operations of RMB26.4 million and interest received of RMB97,000, partially offset by income tax paid of RMB5.5 million. Operating cash inflow before changes in working capital was RMB50.8 million, primarily attributable to profit before tax of RMB46.3 million. Changes in working capital contributed a cash outflow in the amount of RMB24.4 million, consisting primarily of an increase in trade and other receivables and prepayments of RMB52.9 million, as a result of our business expansion, partially offset by an increase in trade and other payables of RMB30.5 million, primarily due to the increase in expenses paid to sub-contractors as a result of the increase in GFA under our management.

Net Cash from/(used in) Investing Activities

During the Track Record Period, our cash used in investing activities mainly reflects acquisition of financial assets at fair value through profit or loss, purchase of items of property, plant and equipment and purchase of intangible assets. Our cash from investing activities mainly consists of proceeds from disposal of financial assets at fair value through profit or loss and proceeds from disposal of property, plant and equipment.

In 2020, our net cash generated from investing activities was RMB67.1 million. The net cash inflow was primarily attributable to the proceeds from disposal of financial assets at fair value through profit or loss of RMB195.2 million, partially offset by (i) the acquisition of financial assets at fair value through profit or loss of RMB121.0 million and (ii) the purchases of property, plant and equipment of RMB7.1 million.

In 2019, our net cash used in investing activities was RMB40.4 million. The net cash outflow was primarily attributable to the acquisition of financial assets at fair value through profit or loss of RMB192.1 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB152.0 million.

In 2018, our net cash used investing activities was RMB10.7 million. The net cash outflow was primarily attributable to the acquisition of financial assets at fair value through profit or loss of RMB148.2 million and purchases of property, plant and equipment of RMB1.2 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB138.9 million.

Net Cash Used in Financing Activities

In 2020, our net cash used in financing activities was RMB145.1 million, reflecting (i) our dividends paid of RMB100.0 million, (ii) our listing expenses paid in an amount of RMB2.6 million, (iii) principal elements and interest elements of lease payments of RMB2.5 million and (iv) deemed distributions to the shareholders of the Company in an amount of RMB178.0 million, which is offset by (i) capital contribution from the shareholder of the Company in an amount of RMB88.0 million and (ii) the issue of ordinary shares to the shareholders of the Company in an amount of RMB50.0 million. Our net cash used in financing activities was RMB1.3 million and RMB1.8 million in 2018 and 2019, respectively, and each consisted of principal elements and interest elements of lease payments.

WORKING CAPITAL

Our Directors are of the view that, after taking into account the financial resources available to us, including the estimated net proceeds of the Global Offering and our internally generated funds, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

INDEBTEDNESS

Bank borrowings

During the Track Record Period and as of December 31, 2018, 2019 and 2020 and April 30, 2021, being the latest practicable date for the purpose of the indebtedness statements, we had nil interest-bearing bank borrowings.

As at the Latest Practicable Date, we had nil unutilized banking facilities.

Lease liabilities

We recognized lease liabilities in the amount of RMB1.9 million, RMB1.4 million, RMB8.5 million and RMB9.0 million as of December 31, 2018, 2019 and 2020 and April 30, 2021, respectively. Our lease liabilities decreased from December 31, 2018 to December 31, 2019, primarily due to amortization of lease liabilities, along with the decrease in remaining lease term. Our lease liabilities increased from December 31, 2019 to December 31, 2020 mainly because we leased offices in Chengdu Hangzhou and Shanghai in 2020.

Commitments and Contingent Liabilities

Commitments

We did not have any material operating leases commitments or capital commitments as of December 31, 2018, 2019 and 2020 and April 30, 2021.

Contingent liabilities

We did not have any material contingent liabilities as of December 31, 2018, 2019, and 2020 and April 30, 2021.

Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities under acceptance or other similar indebtedness, debentures, mortgages, charges, loans, or acceptance credits or purchase commitments, guarantee or other material contingent liabilities or any covenant in connection therewith as of the latest date for liquidity disclosure, being the latest practicable date for the purpose of the indebtedness statement. As of the same date, we had not guaranteed the indebtedness of any Independent Third Parties. Our Directors confirm that there has been no material adverse change in our operating leases commitments or capital commitments and contingent liabilities since December 31, 2020 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures represent additions to property, plant and equipment and intangible assets, such as software. Our capital expenditure decreased during the Track Record Period, primarily due to our effective cost control measures.

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*
Additions to properties, plants and equipment	1,478	1,622	16,300
Additions to intangible assets	299	74	133
Total	**1,777**	**1,696**	**16,433**

For the year ending December 31, 2021, our estimated total capital expenditure is approximately RMB45.0 million, attributable to procurement of office supply and equipment and lease of new office premise as a result of our business expansion.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the PRC, the availability of financing on terms acceptable to us, technical or other problems in obtaining or installing equipment, changes in the regulatory environment in the PRC and other factors.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of December 31, 2020, being the date of our most recent financial statement, and as of the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,		
	2018	2019	2020
Return on equity(1) (%)	159.5	98.6	104.0
Return on total assets(2) (%)	17.5	23.4	21.1
Current ratio(3) (times)	1.1	1.4	1.1
Gearing ratio(4) (%)	5.1	1.3	15.3

Notes:

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

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

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

(4) Equals total interest-bearing borrowings, including lease liabilities, divided by total equity as of the end of that year and multiplied by 100%.

Return on Equity

Our return on equity was 159.5%, 98.6% and 104.0% as of December 31, 2018, 2019 and 2020, respectively. Our return on equity decreased from 159.5% in 2018 to 98.6% in 2019, primarily due to the increase in our total equity as a result of accumulation of profit of respective years. Our return on equity increased from 98.6% in 2019 to 104.0% in 2020, primarily due to the increase in profit for the year as a result of our business expansion.

Return on Total Assets

Our return on total assets was 17.5%, 23.4% and 21.1% as of December 31, 2018, 2019 and 2020, respectively. The increase in our return on total assets from 2018 to 2019 was mainly due to the increase of our profit of the respective years outweighing the increase in our total assets as of the respective dates. The decrease in our return on total assets from 2019 to 2020 was primarily due to the increase in total assets as a result of increase in cash and cash equivalents as of December 31, 2020, which was in turn due to our enhanced collection efforts for trade receivables and our business expansion.

Current Ratio

Our current ratio increased from 1.1 times as of December 31, 2018 to 1.4 times as of December 31, 2019, primarily due to the increase in in trade and other receivables and prepayments, as a result of our business expansion. Our current ratio decreased from 1.4 times as of December 31, 2019 to 1.1 times as of December 31, 2020, primarily due to the increase of trade and other payable. See "—Current Assets and Current Liabilities" in this section for more details.

Gearing Ratio

Our gearing ratio was approximately 5.1%, 1.3% and 15.3% as of December 31, 2018, 2019 and 2020, respectively. The fluctuation of our gearing ratio was primarily due to the fluctuation of our total equity as of the respective date which increased from RMB36.8 million for 2018 to RMB108.3 million for 2019 and then decreased to RMB55.4 million for 2020 after we paid dividend of RMB100.0 million during 2020. In addition, as our interest-bearing borrowing only consisted of lease liabilities, the fluctuation of gearing ratio was largely depend on the balance of our lease liabilities as of the respective dates.

MARKET RISKS

We are exposed to a variety of market risks, including credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of our trade and other receivables, cash and cash equivalents and financial assets at fair value through profit or loss represent our maximum exposure to credit risk in relation to financial assets.

For the trade and other receivables due from related parties, we consider the credit risk associated to be low, since the related parties have a strong capacity to meet contractual cash flow obligation in the near term.

For cash and cash equivalents, we expect that there is no significant credit risk since they are substantially deposited at state-owned banks or other medium-to-large sized banks. We do not expect that there will be any significant losses from non-performance by those counterparties.

Liquidity Risk

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. See Note 3.1.3 in Appendix I to this prospectus for a description of the maturity profile of our financial liabilities as of December 31, 2018, 2019 and 2020 based on the contractual undiscounted payments.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties.

Significant Related Party Transactions

During the Track Record Period, we had the following significant transactions with related parties:

Provision of Property Management Services and Value-added Service to Non-property Owners

In 2018, 2019 and 2020, we recorded revenue from provision of property management services and value-added service to non-property owners to related parties in the amount of RMB149.2 million, RMB185.7 million and RMB306.0 million, respectively.

Receipt of Greening Services

In 2018, 2019 and 2020, we received greening services provided by companies controlled by Mr. Ou in the amount of RMB1.1 million. RMB5.7 million and RMB7.1 million, respectively.

Balances with Related Parties

The table below sets forth the balances with related parties as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties			
Trade Receivables:			
Ronshine China Group	59,757	110,739	43,505
Ronshine China Group's associates	811	917	2,939
Ronshine China Group's joint ventures	5,796	6,509	2,605
Companies controlled by Mr. Ou	562	668	–
Other Receivables:			
Ronshine China Group	–	30,000	10,190
Companies controlled by Mr. Ou	23,465	24,175	–
Total	**90,391**	**173,008**	**59,239**

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties			
Trade payables:			
– Ronshine China Group	–	–	620
– Companies controlled by Mr. Ou	1,124	5,708	4,817
Other payables:			
– Ronshine China Group	–	–	617
– Companies controlled by Mr. Ou	242	10,099	5,487
– Mr. Ou	4,600	4,600	2,600
Total	**5,966**	**20,407**	**14,141**

Please see "—Description of Selected Items of Consolidated Balance Sheet—Trade and Other Receivables and Prepayments" for more information about our turnover days and aging analysis of trade receivables from related parties.

Our Directors are of the view that the related party transactions were conducted on a normal commercial terms and were fair and reasonable as a whole, and would not distort our track record results or make the historical results not reflective of our future performance. As of December 31, 2018, 2019 and 2020, our non-trade related amounts due from related parties (other receivables excluding performance guarantee deposits) amounted to RMB23.5 million, RMB24.2 million and nil, respectively, and our non-trade related amounts due to related parties amounted to RMB4.8 million, RMB14.7 million and RMB8.7 million, respectively. Our non-trade related amounts due to and due from related parties during the Track Record Period were not interest bearing. See "—Related Party Transactions—Balances with Related Parties" in this section for further discussion on the amount due from Ronshine China Group during the Track Record Period. As of the Latest Practicable Date, our non-trade related amounts due from related parties (other receivables excluding performance guarantee deposits) and our non-trade related amounts due to related parties as of December 31, 2020 were fully settled. Our Directors confirm that all related party balances that are non-trade in nature will be fully settled prior to the Listing. For further details on related party balances and transactions, please refer to Note 30 in Appendix I to this prospectus.

DIVIDENDS

As of December 31, 2020, we declared and settled RMB100.0 million dividend payable. We have no fixed dividend policy and, subject to compliance with the relevant laws of the Cayman Islands and our constitutional documents, our Company may in general meeting declare dividends in any currency to be paid to the shareholders, but no dividend may be declared in excess of the amount recommended by our Board.

Our Board may recommend dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Islands Companies Act. In addition, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits, retained earnings or, subject to a solvency test being satisfied, share premium. Our future declarations of dividends will be subject to the recommendation of our Board at its absolute discretion. Any final dividend or distribution will also be subject to the approval of the Shareholders at a Shareholders' meeting.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profits calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require enterprises incorporated in the PRC to set aside at least 10% of their after-tax profits based on the relevant accounting standards set out by the PRC regulatory authorities at the end of each year to fund certain statutory reserves until the statutory reserves reach and remain at or above 50% of the relevant PRC entity's registered capital. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of December 31, 2020, the Company did not have distributable reserve.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

LISTING EXPENSES

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be RMB42.1 million (based on the mid-point of the indicative Offer Price range, before the exercise of the Over-allotment Option), representing approximately 8.0% of the gross proceeds from the Global Offering, of which RMB19.7 million is expected to be accounted for as a deduction from equity upon completion of the Listing. The remaining fees and expenses of RMB22.4 million were or are expected to be charged to our profit or loss account, of which approximately RMB13.9 million was charged to the consolidated statement of comprehensive income in 2020, and approximately RMB8.5 million is expected to be charged subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors expect that our listing expenses will not have a material adverse impact on our financial performance for year ending December 31, 2021.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group 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, it may not give a true picture of our net tangible assets of our Group as at December 31, 2020 or at any future dates following the completion of the Capitalisation Issue and the Global Offering. The unaudited pro forma adjusted net tangible assets is based on the audited consolidated net tangible assets of our Group attributable to our equity holders as at December 31, 2020 as shown in Appendix I – "Accountant's Report" to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to equity holders of our Company as of December 31, 2020(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets of our Group attributable to equity holders of our Company	Unaudited pro forma adjusted net tangible assets per Share(4)(5)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$4.68 per Share	55,293	452,969	508,262	1.02	1.24
Based on an Offer Price of HK$5.63 per Share	**55,293**	**547,952**	**603,245**	**1.21**	**1.47**

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at December 31, 2020 has been extracted from Appendix I – "Accountant's Report" to this prospectus which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at December 31, 2020 of RMB55,686,000 with an adjustment for intangible assets as at December 31, 2020 of RMB393,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$4.68 per Share and HK$5.63 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB13,932,000 which have been accounted for in the Group's consolidated statements of comprehensive income prior to December 31, 2020) payable by our Company and takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares were in issue assuming that the Global Offering and Capitalization Issue had been completed on December 31, 2020 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollars at a rate of RMB1.00 to HK$1.21887. 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 rate.

(5) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to December 31, 2020.

DIRECTORS' CONFIRMATION ON NO MATERIAL AND ADVERSE CHANGE

After due and careful consideration, save as disclosed in "Business—Effects of the COVID-19 Outbreak" in this prospectus, our Directors confirm that, up to the date of this prospectus, there has been no material and adverse change in our financial and trading position or prospects since December 31, 2020, and there is no event since December 31, 2020 that would materially affect the information shown in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

FUTURE PLANS

See "Business—Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$593.0 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$5.155 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60.0%, or approximately HK$355.8 million, will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and our geographic coverage, among which,

  (i) approximately 35.0%, or approximately HK$207.5 million, will be used to acquire property management companies that manage properties in the Yangtze River Delta Region in the PRC, which we believe to have high growth potential given its increasing demand for property management services and higher average residential property management fee for property management services in the region as compared to that of the average residential property management fee of the Top 100 Property Management Companies in the PRC according to CIA. According to CIA, the urbanization rate and per capita disposable income in the Yangtze River Delta Region reached 71.1% and approximately RMB45,551 per annum in 2019, respectively, which were higher than those of the urbanization rate of 60.6% and average per capital disposable income of approximately RMB30,733 per annum for the PRC market overall for the same year. The average property management fees for property management services to residential properties in Yangtze River Delta Region was RMB2.3 per sq.m. per month for the Top 100 Property Management Companies in 2020, which was higher than that of same for residential properties managed by the Top 100 Property Management Companies in the PRC market overall, which was RMB2.1 per sq.m. per month for the same year, according to CIA. Based on the relatively prosperous state of economy of Yangtze River Delta Region as supported by the above, and the fact that, according to CIA, the GFA under management in the Yangtze River Delta Region by property management companies is expected to reach 7.2 billion sq.m. in 2025, representing a CAGR of 4.1% from 2020 to 2025, we consider that the Yangtze River Delta Region has high growth potential for further expansion of our property development business. We plan to acquire property management companies in the Yangtze River Delta Region, which we believe will help us to increase our market share in the region and expand our geographical coverage in the PRC;

(ii) approximately 15.0%, or approximately HK$89.0 million, will be used to acquire property management companies that manage properties in Other Regions, in particular, the Greater Bay Area and midwestern region in the PRC given that we have begun to contract projects in these regions and believe that such acquisition would help us further increase our market presence in Other Regions; and

(iii) approximately 10.0%, or approximately HK$59.3 million, will be used to acquire property management companies that manage properties in the Western Straits Region in the PRC to further solidify our market position in the region. Our investments and acquisitions as well as the selection of partners will be strategic in the sense that we will carefully evaluate the potential business growth opportunities and values that a target or partner may bring to our existing business, and only invest or form partnerships when the potential business may help us grow in certain intended directions, such as when the addition can help us tap into certain geographical markets as mentioned above, or when it helps to create operating synergies with the existing business we have developed in certain geographical markets or business segments. We mainly intend to apply the proceeds from the Global Offering horizontally, i.e. to acquire other property management companies that meet our selection criteria and other relevant business considerations. We may also explore opportunities to acquire property management companies with value-added services, particularly those with close cooperation or affiliations with third-party property developers. We will carefully evaluate and consider potential acquisitions relating to upstream and/or downstream companies when (and if) such opportunities arise, but we have not identified nor formulated plans regarding such acquisitions as of the Latest Practicable Date. In general, we intend to acquire majority equity interest in target companies as we believe that the majority control would provide us with greater influence over the company and therefore creating better chances of integration (to the extent necessary) or cooperation with our existing business. The number of acquisition targets will depend on the scale and consideration of the actual acquisition.

The main criteria for target property management companies in the aforementioned regions include, among other things, (i) annual revenue of not less than RMB30.0 million; (ii) an average net profit margin ranging from 6.0% to 15.0% for the target's most recent financial year; (iii) a total GFA under management of over 2.0 million sq.m.; (iv) being a property management company that is primarily managing residential properties and/or managing the types of non-residential properties that we consider to be complementary to our current project portfolio, such as schools, hospitals, industrial parks and public facilities; (v) no material disputes or issues regarding its shareholding structure and/or business operations and (vi) being a property management company with projects in cities in the aforementioned regions that we consider to be fast-growing in terms of market size for property management industry, focusing on cities such as Shanghai, Hangzhou, Chengdu, Fuzhou, Shenzhen, Tianjin and Guangzhou. We will carefully evaluate suitable opportunities when they arise, with a focus on the operational management and profitability of projects of the acquisition targets. For more information on our investment and acquisition strategies, see "Business—Business Strategies—Diversify Our Project Portfolio and Expand Our Business Coverage by Pursuing Strategic Investments and Acquisitions" in this prospectus.

When determining the amount of net proceeds to be spent on the potential strategic investment and acquisition opportunities, we have considered (i) the acquisition of or investment in majority equity interests of potential targets at a price-earning ratio of approximately 8.0 to 15.0 times; (ii) our plan to acquire four, three and two potential targets, in the Yangtze River Delta Region, Other Region and the Western Straits Region, respectively; (iii) our criteria for strategic acquisitions and investments as disclosed above.

According to the CIA, of the Top 100 Property Management Companies for 2020, there were approximately 10 property management companies in the Western Straits Region, approximately 46 property management companies in the Yangtze River Delta Region and 53 property management companies in the midwestern region of China that meet the criteria set forth above. According to the CIA, of nearly 200,000 property management companies operating in the PRC in 2020, there were approximately 70 property management companies in the Western Straits Region, approximately 200 property management companies in the Yangtze River Delta Region and 300 property management companies in the midwestern region of China that meet the criteria set forth above. If the net proceeds are insufficient to cover the acquisition costs, we intend to supplement the shortfall by using cash generated from our operations. Based on the number of probable acquisition targets in the property management market as advised by CIA, our knowledge, experience and expertise, our Directors are of the view that we will be able to identify suitable investment or acquisition targets in the market that meet the criteria. As of the Latest Practicable Date, we had not identified or committed to any investment or acquisition targets for our use of net proceeds from the Global Offering;

- approximately 11.0%, or approximately HK$65.2 million, will be used to further diversify our project portfolio and value-added services by (i) expanding to include more types of non-residential properties mainly from independent third parties through enhanced marketing and increased tenders for suitable non-residential properties; (ii) offering additional value-added services mainly to independent third parties, including but not limited to, travel agency services, moving services, elderly care, community health services, child education and customized services to enterprises and government and public agencies such as bulk purchasing, food catering services, repair and maintenance services for specialized equipment and event organization services for conferences and/or exhibitions, given that those services will create synergies with our current service offerings as those services are generally within the communities or near the communities under our management and we could optimize the utilization of our staff to provide such additional value-added services and share the facilities and equipments of our property management services, which in turn reduce the costs of providing additional value-added services; on the other hand, the offering of additional value-added services will bring convenience to our customers and improve customers' satisfaction; and (iii) hiring and training of personnel with specialized skills or knowledge for the value-added services, including the abovementioned additional value-added services, as certain services may require specialized skills or knowledge (such as elevator repair and maintenance);

- approximately 15.0%, or approximately HK$89.0 million, will be used to develop and upgrade hardware and software used in our operations, among which,

  (i) approximately 6.0%, or approximately HK$35.6 million, will be used to purchase and upgrade intelligent system and software, such as face ID recognition system, intelligent car park system, automated surveillance system and intelligent facility management system and their respective hardware, including surveillance video cameras, face ID recognition equipment, car park sensors, license plate recognition equipment and easy building automation ("EBA") equipment, among other things. By upgrading and increasing the coverage of such intelligent system and software, we aim to gradually replace manual entry control with unmanned entry control and conduct automated security control, therefore; to achieve greater efficiency in operations and reduce our overall labor costs. Such intelligent upgrades will further enhance customer experience. See "—Implementation Plan" for details on the allocation basis;

(ii) approximately 5.0%, or approximately HK$29.7 million, will be used to develop our certain internal information management systems that help increase our operational efficiency, among which, (a) approximately 2.6%, or approximately HK$15.4 million, will be used to develop data midway platform and purchase Internet of Things midway platform, which helps us to effectively communicate with various stakeholders of our projects and improve our service quality to improve operational efficiency; and (b) approximately 2.4%, or approximately HK$14.3 million, will be used to establish internal information sharing platform for human resources and finance departments to provide faster and more comprehensive transmission and storage of information between the two departments and our employees therefore increasing our management efficiency. See "—Implementation Plan" for details on the allocation basis; and

(iii) approximately 4.0%, or approximately HK$23.7 million, will be used to further develop, upgrade and maintain our Ron-Intelligent service platform and mobile applications, among which, (a) approximately 3.0%, or approximately HK$17.8 million, will be used to further develop, upgrade and maintain our Ron-Intelligent service platform and our E-asy Living (融e居) and E-asy Help (融e幫) mobile applications to increase our operational efficiency and enhance customer experience; (b) approximately 0.8%, or approximately HK$4.7 million, will be used to purchase, upgrade and maintain the database server for the collection, storage and processing of data in relation to our customers for the purpose of service offerings; and (c) approximately 0.2%, or approximately HK$1.2 million, will be used to optimize the communication channel between customers and us to facilitate easier and more prompt interactions, such as adding features to allow instant voice and video calling through our E-asy Living (融e居) mobile application. The provision of property management service is labor-intensive by nature and we believe that one of the most efficient way to further improve our profitability is through reducing labor costs through the utilization of advanced technologies. According to CIA, many property management companies achieve cost efficiency and enhance profitability by leveraging information technologies, and the application of information technologies is a market trend in the property management industry. See "—Implementation Plan" for details on the allocation basis. Our development and upgrade of hardware and software, for example, internal information management systems, data midway platform, Internet of Things midway platform, Ron-Intelligent service platform and mobile applications, are necessary for us to reduce costs in our operations and stay competitive in the property management industry. The allocation basis for the amount of proceeds for such hardware and software mainly takes into account the expected cost for development and upgrading of the systems, platforms and applications, our estimated subsequent maintenance and upgrading cost for the systems, platforms and applications, our expected labor cost for internal research and development in support of the systems, platforms and applications, the price quotation we received, our historical cost expenses, the number of software and hardware we plan to purchase, the price for purchasing the facilities and equipment that connect to our Ron-Intelligent service platform;

- approximately 4.0%, or approximately HK$23.7 million, will be used to further develop our property management services provided to high-end properties under our ROYEEDS (融御) brand by, among others, marketing the brand, upgrading the facilities and equipment for projects under ROYEEDS (融御) brand, and recruiting and training talents for the premium service offered under the brand in order to satisfy the customers' evolving demands, enhance our brand and strengthen our competitiveness. We plan to launch more projects under the ROYEEDS (融御) brand in first-tier cities and launch pilot project(s) in the second-tier cities as well as other cities in the PRC with relatively high consumer spending power; and

- approximately 10.0%, or approximately HK$59.3 million, will be used for general business operations and working capital.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range or the Over-allotment Option is exercised.

If the Offer Price is determined at HK$5.63 per Offer Share, being the high end of the indicative Offer Price range stated in this prospectus, we will receive additional net proceeds of approximately HK$57.9 million. If the Offer Price is fixed at HK$4.68 per Offer Share, being the low end of the indicative Offer Price range stated in this prospectus, the net proceeds we receive will be reduced by approximately HK$57.9 million.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares will be approximately HK$94.2 million, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$5.155 per Share, being the mid-point of the indicative Offer Price range.

To the extent that the net proceeds from the Global Offering are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to place the net proceeds in short-term demand deposits with licensed banks or authorized financial institutions to avoid investment risks. We will make a formal announcement in the event that there is any change in our use of net proceeds from the purposes stated above or in our allocation of the net proceeds in the proportions stated above.

Bases and Assumptions

Our future plans and business strategies are based on the following general assumptions:

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other government policies relating to our Group, our industry or the political or market environment in which we operate;
- there will be no material changes in the existing accounting policies from those stated in the 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 and Conditions of the Global Offering" in this prospectus;
- there will be no material changes in the bases or rates of taxation applicable to our activities;
- we will continue our business operations in the same manner as we had operated during the Track Record Period;
- our operations including our future plans will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of, among others, inflation and interest rate, in the PRC;
- there will be no disasters, natural, political or otherwise, which would not materially disrupt our business or operations; and
- we will not be materially affected by the risk factors as set out in the "Risk Factors" in this prospectus.

IMPLEMENTATION PLAN

The following table sets out approximate amount, sources of funding, key milestones and timeframe for each strategic plan. Investors should note that the following implementation plan was formulated on the bases and assumptions referred to in "—Bases and Assumptions" above. In the event that our expected capital expenditure for each strategic plan exceed the net proceeds we will receive from the Global Offering, we may use cash generated from our operations or seek additional financing. The bases and assumptions outlined are inherently subject to uncertainties, particularly those outlined in the section headed "Risk Factors" in this prospectus. Our actual course of business may vary from the business strategies set forth in this prospectus due to unforeseeable events, and there can be no assurance that we will accomplish our business strategies in a timely manner, or at all.

	Key milestones and proceeds				
Major category	**Sub-category**	**Implementation activities**	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
Strategic investment and acquisition	• acquire property management companies with projects in the Yangtze River Delta Region	• We plan to acquire or invest in approximately four property management companies in the Yangtze River Delta Region	HK$207.5 million	35.0%	• 2021, HK$103.8 million • 2022, HK$62.2 million • 2023, HK$41.5 million
	• acquire property management companies with projects in Other Regions, in particular, the Greater Bay Area and midwestern region	• We plan to acquire or invest in approximately three property management companies in the Other Regions, in particular, the Greater Bay Area and midwestern region	HK$89.0 million	15.0%	• 2021, HK$44.5 million • 2022, HK$26.7 million • 2023, HK$17.8 million

	Key milestones and proceeds				
Major category	Sub-category	Implementation activities	Amount of proceeds	Percentage of total proceeds	Timeframe and amount
	• acquire property management companies with projects in the Western Straits Region	• We plan to acquire or invest in approximately two property management companies in the Western Straits Region	HK$59.3 million	10.0%	• 2021, HK$29.6 million • 2022, HK$17.8 million • 2023, HK$11.9 million
Diversify our project portfolio and value-added services	–	• We plan to explore opportunities to service more types of non-residential properties	HK$29.6 million	5.0%	• 2021, HK$11.8 million • 2022, HK$8.9 million • 2023, HK$8.9 million
		• We plan to provide additional value-added services, such as services that may be tailored for enterprises and government and public agencies or organizations, including but not limited to procurement services for bulk purchases, food catering services, repair and maintenance services for specialized equipment, special cleaning services for exterior walls and event organization services for conferences and/or exhibitions	HK$17.8 million	3.0%	• 2021, HK$7.2 million • 2022, HK$5.3 million • 2023, HK$5.3 million

		Key milestones and proceeds			
Major category	Sub-category	Implementation activities	Amount of proceeds	Percentage of total proceeds	Timeframe and amount
		• We plan to hire and train more personnel to provide value-added services to our customers, as certain services may require specialized skills or knowledge (such as elevator repair and maintenance)	HK$17.8 million	3.0%	• 2021, HK$7.2 million • 2022, HK$5.3 million • 2023, HK$5.3 million

Major category	Key milestones and proceeds				
	Sub-category	Implementation activities	Amount of proceeds	Percentage of total proceeds	Timeframe and amount
Develop and upgrade hardware and software used in our operations	• purchase and upgrade intelligent system and software	• We plan to purchase and upgrade intelligent software, such as face ID recognition system, intelligent car park system, automated surveillance system and intelligent facility management system and their respective hardware, including surveillance video cameras, face ID recognition equipment, car park sensors, license plate recognition equipment and easy building automation ("EBA") equipment, among other things, for all our existing projects under management. The amount of the cost has taken into account (i) the estimated cost for the upgrade of each project at (a) approximately RMB250,000 for face ID recognition system; (b) approximately RMB100,000 for intelligent car park system; (c) approximately RMB100,000 for automated surveillance system; (d) approximately RMB300,000 intelligent facility management for system; and (ii) number of current projects pending such system upgrades, and we expect the coverage of the face ID recognition and intelligent car park systems to reach 60% to 65% and the coverage of automated surveillance system to reach 45% to 50% among the existing projects under our management by the end of 2023	HK$35.6 million	6.0%	• 2021, HK$17.8 million • 2022, HK$8.9 million • 2023, HK$8.9 million

	Key milestones and proceeds				
Major category	Sub-category	Implementation activities	Amount of proceeds	Percentage of total proceeds	Timeframe and amount
	• develop certain internal information management systems that help increase our operational efficiency	• We plan to develop data midway platform and purchase Internet of Things midway platform. The amount of the cost has taken into account (i) estimated cost of approximately RMB0.8 million for data midway platform each year; (ii) the price quotation for the Internet of Things midway platform (including the ancillary facilities and labor cost) at approximately RMB9.9 million; (iii) staff costs for internal research and development in support of data midway platform at approximately RMB2.3 million in 2021 and RMB0.7 million in each of 2022 and 2023	HK$15.4 million	2.6%	• 2021, HK$7.6 million • 2022, HK$3.9 million • 2023, HK$3.9 million

Major category	Sub-category	Key milestones and proceeds			
		Implementation activities	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
		• We plan to establish internal information sharing platform for our human resources and finance departments to enable faster and more efficient transmission and storage of information between the two departments. The amount of the cost has taken into account (i) the price quotation of approximately RMB0.5 million for the invoice platform, RMB10 million for the Enterprise Application Software and RMB2.9 million for the Enterprise Resources Planning System; and (ii) licensing fee of RMB0.5 million per year for the invoice platform	HK$14.3 million	2.4%	• 2021, HK$7.1 million • 2022, HK$3.6 million • 2023, HK$3.6 million

Major category	Key milestones and proceeds				
	Sub-category	Implementation activities	Amount of proceeds	Percentage of total proceeds	Timeframe and amount
	• further develop, upgrade and maintain our Ron-Intelligent service platform and mobile applications	• We plan to further develop, upgrade and maintain our Ron-intelligent service platform and our E-asy Living (融e居) and E-asy Help (融e幫) mobile applications to increase our operational efficiency and enhance customer experience. The amount of the cost has taken into account (i) estimated development cost for the applications at approximately RMB6.5 million, RMB6.5 million and RMB5.6 million in 2021, 2022 and 2023, respectively; (ii) the upgrade and maintenance expenses in the future; and (iii) the price for purchasing the facilities and equipment that connect to our Ron-Intelligent service platform	HK$17.8 million	3.0%	• 2021, HK$6.2 million • 2022, HK$6.2 million • 2023, HK$5.4 million

Major category	Sub-category	Key milestones and proceeds			
		Implementation activities	Amount of proceeds	Percentage of total proceeds	Timeframe and amount
		• We plan to purchase, upgrade and maintain database and server for the collection, storage and processing of customer and/or service–related data. The amount of the cost has taken into account (i) the cost for integration of the data collected from the current and future properties under our management; and (ii) the cost for building the infrastructure such as large screen data visualization center to facilitate data analysis	HK$4.7 million	0.8%	• 2021, HK$1.9 million • 2022, HK$1.4 million • 2023, HK$1.4 million
		• We plan to optimize communication channels between our customers and us to facilitate prompt interactions, such as adding instant voice and video calling features through the E-asy Living (融e居) mobile application. The amount of the cost has taken into account (i) our historical development cost to insert new functions in the mobile applications; and (ii) the upgrade and maintenance expenses in the future	HK$1.2 million	0.2%	• 2021, HK$0.6 million • 2022, HK$0.6 million

	Key milestones and proceeds				
Major category	Sub-category	Implementation activities	Amount of proceeds	Percentage of total proceeds	Timeframe and amount
Further develop our property management services provided to high-end properties under our ROYEEDS (融御) brand	–	• We plan to launch more projects under our ROYEEDS (融御) brand in first-tier cities and pilot project(s) in second-tier cities as well as other cities in the PRC with relatively high consumer spending power	HK$16.6 million	2.8%	• 2021, HK$6.0 million • 2022, HK$5.3 million • 2023, HK$5.3 million
		• We plan to increase the marketing for our ROYEEDS (融御) brand and upgrade the facilities and equipment for projects and recruit and train talents for the premium services offered under the brand	HK$7.1 million	1.2%	• 2021, HK$3.5 million • 2022, HK$1.8 million • 2023, HK$1.8 million
Working capital and other general corporate purposes	–	–	HK$59.3 million	10.0%	–

HONG KONG UNDERWRITERS

Haitong International Securities Company Limited

CMB International Capital Limited

China Everbright Securities (HK) Limited

China Merchants Securities (HK) Co., Limited

CRIC Securities Company Limited

Vision Capital International Holdings Limited

Livermore Holdings Limited

Huafu International Securities Limited

SBI China Capital Financial Services Limited

Sinomax Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Stock Exchange and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Public Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Representative (for itself and on behalf of the Hong Kong Underwriters) has the right, in its sole and absolute discretion, upon giving notice in writing made pursuant to the Hong Kong Underwriting Agreement, to terminate the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

(a) there has developed, occurred, existed or come into force that:

(i) any statement contained in Offer Documents (as defined in the Hong Kong Underwriting Agreement) considered by the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the reasonable opinion of the Sole Representative (for itself and on behalf of the other Underwriters), in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Offer Documents, constitute a material omission therefrom, which is considered by the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering; or

(iii) any breach, which is considered by the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) in its opinion to be material, of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any material event, wrongful act or material omission which gives rise to any liability of any of our Company and the Controlling Shareholders (the "**Warrantors**") in any respect pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement; or

(v) any material adverse change in the assets, liabilities, management, business prospects, shareholders' equity, profitability, results of operations, financial or trading conditions, position or performance of our Group as a whole; or

(vi) any breach of any of the Warranties (as defined in the Hong Kong Underwriting Agreement), or any event or circumstance rendering any of the Warranties untrue or incorrect, in any material respect; or

(vii) the approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted (other than subject to customary conditions), or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) the Company withdraws any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or the Global Offering; or

(ix) any person (other than the Sole Sponsor and the Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(x) that a petition or an order is presented for the winding-up or liquidation of any member of our Group ("**Group Company(ies)**") or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xi) a portion of the orders in the book building process, at the time the International Underwriting Agreement is entered into, have been withdrawn, terminated or cancelled and such orders have not been covered or replaced by any other orders, which would render it, in the Sole Representative's reasonable opinion, commercially impracticable or incapable to proceed with the Global Offering; or

(xii) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Sole Representative (for itself and on behalf of the other Underwriters) in its reasonable opinion to be resulting in a material adverse effect; or

(b) there shall develop, occur, exist or come into effect:

(i) any change or development involving a prospective change, or any event or circumstances or series of events or circumstances likely to resulting or representing any change or development involving a prospective change, in any local, national, regional, international, financial, political, military, industrial, legal, economic, currency, credit, fiscal, legal, regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, inter-bank markets and credit markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a market fluctuation in the exchange rate or a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) in or affecting any of the PRC, Hong Kong, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union (or any member thereof) or any other relevant jurisdictions to any member of our Group or the Global Offering (each a "**Relevant Jurisdiction**"); or

(ii) any new Laws (as defined in the Hong Kong Underwriting Agreement), or any change, or development in any existing Laws, or any material change in the interpretation or application thereof by any court or other competent authority, in each case, in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, orders of any courts, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, declaration of a local, regional, national or international emergency, outbreak of disease, pandemics or epidemics (including, without limitation, SARS, COVID-19 and avian influenza A (H5N1), Middle East Respiratory Syndrome and Swine Flu (H1N1)), in or affecting any of the Relevant Jurisdictions; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) (A) any moratorium, suspension or limitation 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 Shanghai Stock Exchange or the Shenzhen Stock Exchange, or (B) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Relevant Jurisdictions; or

(vi) any change or development involving a prospective change in or affecting taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment Laws in or affecting any of the Relevant Jurisdictions; or

(vii) any imposition of economic sanctions, in whatever form, directly or indirectly, in any of the Relevant Jurisdictions; or

(viii) any material adverse change or development in our Group's condition, business, financial, earnings, trading position or prospects; or

(ix) the commencement by any governmental, political, judicial or regulatory body or organization of any material action against a Director or an announcement by any governmental, political, judicial or regulatory body or organization that it intends to take any such action; or

(x) other than with the approval of the Sole Representative, the issue or requirement to issue by our Company of a supplementary or amendment to this prospectus and/or any other document pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xi) a valid demand by any creditor for repayment or payment of any of our Company's indebtedness or those of any of our subsidiaries or in respect of which our Company or any of our subsidiaries are liable prior to its stated maturity; or

(xii) any material litigation or claim being threatened or instigated against our Company or any of our subsidiaries or any of the Warrantors; or

(xiii) any material change or materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xiv) any of the executive 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

(xv) the chairman or chief executive officer of our Company vacating his or her office; or

(xvi) a contravention by any Group Company or any executive Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering in any material respect; or

(xvii) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xviii) material non-compliance of the Offer Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering,

and which, in any of the above cases individually or in aggregate and in the sole and absolute opinion of Sole Representative (for itself and on behalf of the Hong Kong Underwriters):

(a) has or is or may have or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group as a whole; or

(b) has or may have or will have or is likely to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes or may or will make or is likely to make it inadvisable or inexpedient or impracticable or incapable for any part of the Hong Kong Underwriting Agreement (including underwriting), the Global Offering, the processing of applications and/or payments pursuant to the Global Offering to be performed or implemented or proceeded with as envisaged and set out in this prospectus.

Undertakings to the Stock Exchange under the Listing Rules

By Us

In accordance with Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Capitalization Issue, the Global Offering, the exercise of the Over-allotment Option and/or under the circumstances prescribed by Rule 10.08 of the Listing Rules.

By Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and the Stock Exchange that, except pursuant to the Capitalization Issue, the Global Offering, the Stock Borrowing Agreement and the exercise of the Over-allotment Option, it/he will not, and will procure that the relevant registered holder(s) of the Shares will not:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of our Company in respect of which it/he is shown in this prospectus to be the beneficial owners; or

(b) in the period of six months commencing on the date on which the period mentioned in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would then cease to be a group of our Controlling Shareholders.

In accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to us and the Stock Exchange that, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

(a) when it/he pledges or charges any Shares or securities of our Company beneficially owned by it/him in favour 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 us of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and

(b) when it/he receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform us in writing of such indications.

Our Controlling Shareholders also agree that our Company will inform the Stock Exchange as soon as we have been informed of the above matters referred to in paragraphs (a) and (b) above by any of the Controlling Shareholders and make a public disclosure in relation to such information by way of an announcement in accordance with the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

By Us

We have undertaken to each of the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunner, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Capitalization Issue and the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-month Period**"), we will not, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) 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 to purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares, or equity securities of the Group Company (or any interest in the foregoing) convertible into or exchangeable or exerciseable for or that represent the right to receive, or any other warrants or other rights to purchase any Shares), or deposit any Shares or other equity securities of our Company with a depositary in connection with the issue or depositary receipts; or repurchase any Shares or other equity securities of our Company; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into in any of the foregoing or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company, or any equity securities of the Group Company (or any interest in the foregoing) convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase any Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other equity securities of our Company or any equity securities of the Group Company (or any interest in the foregoing) convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase any Shares, or in cash or otherwise (whether or not the issue of such Shares or other equity securities of our Group Companies will be completed within the First Six-Month Period).

We have also undertaken that we will not, and will procure other Controlling Shareholders not to, enter into any of the transactions specified in paragraph (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**").

In the event that, during Second Six-month Period, we enter into any of the transactions specified in sub-paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, we shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other equity securities of our Company.

By Our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally undertaken to each of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters):

(i) at any time during the First Six-month Period, it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and its/his close associates (together, the "**Controlled Parties**") shall not:

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or otherwise create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him in respect of which he/it is shown by this prospectus to be the beneficial owner directly or indirectly through its/his Controlled Parties (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any transaction described in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, in each case, whether any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period);

(ii) at any time during the Second Six-month Period, except as permitted under Note (2) to Rule 10.07(2) of the Listing Rules, it/he shall not, and shall procure its/his Controlled Parties shall not, enter into any of the transactions referred to in (i) (a), (b) or (c) above or offer to or agree to or announce any intention to enter into 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/he would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be "controlling shareholders" (as defined under the Listing Rules) of our Company;

(iii) in the event that it/he enters into any of the transactions specified in (i) (a), (b) or (c) above or offer to or agrees to or announces any intention to any such transaction, it/he shall take all reasonable steps to ensure that it/he will not create a disorderly or false market for any Shares or other securities of the Company; and

(iv) it/he shall, and shall procure that the relevant registered holder(s) and other Controlled Parties shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he or by the registered holder(s) and/or other Controlled Parties of any Shares or other securities of our Company.

Each of our Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in us is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he will:

(a) when it/he pledges or charges any securities or interests in the Relevant Securities in favour of an authorized institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(b) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform us and the Sole Sponsor in writing of such indications.

Our Company shall inform the Stock Exchange, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers in writing as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

International Placing

In connection with the International Placing, it is expected that our Company, will enter into the International Underwriting Agreement with, inter alia, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to subscribe or procure subscribers for the International Placing Shares being offered pursuant to the International Placing.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Representative (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the date of the last day of lodging applications under the Hong Kong Public Offering to require our Company to allot and issue up to an aggregate of 18,750,000 additional new Shares, representing 15% of the initial Offer Shares in aggregate, at the same price per Share under the International Placing to cover over-allocations (if any) in the International Placing.

Commission and Expenses

The Hong Kong Underwriters will, and the International Underwriters are expected to, receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares and the International Offer Shares, respectively, out of which the Hong Kong Underwriters will, and the International Underwriters are expected to, pay all sub-underwriting commission, if any. In addition, we may, at our discretion, pay to the Sole Representative an additional incentive fee of not more than 1% of the aggregate Offer Price in respect of all of the Offer Shares from the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

The underwriting commissions (excluding any incentive fee), listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Global Offering which are estimated to be approximately HK$51.4 million in aggregate (equivalent to RMB42.1 million) (assuming (i) an Offer Price of HK$5.155 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus); (ii) the Over-allotment Option is not exercised), are payable and borne by our Company in respect of the new Shares.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters against 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.

Activities by Syndicate Members

Set out below is a variety of activities that the Underwriters of the Hong Kong Public Offering and the International Placing, together referred to as "Syndicate Members", may each individually undertake, and which do not form part of the underwriting or the stabilizing process. It should be noted that when engaging in any these activities the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, none of the Underwriters (except for the Sole Representative, its affiliate(s) or any person(s) acting for it for the purpose of taking any stabilizing action) will, and each of the Underwriters will procure that none of its respective affiliates and agents will, in connection with the distribution of the Offer Shares, effect, cause or authorize any other person to effect any transactions including, but not limited to issuing options or derivatives on the underlying Shares (whether in the open market or otherwise and whether in Hong Kong or elsewhere) with a view to stabilizing or maintaining the market price of any of the Shares at a level higher than that which might otherwise prevail in the open market or any action which is designed to or which constitutes or which might be expected to, cause or result in the stabilization or manipulation, in violation of applicable laws, of the price of any security of the Company; and

(b) none of the Underwriters (other than the Sole Representative or its affiliate(s) or any other person(s) acting for it for the purpose of taking any stabilizing action), will, during the period which begins on the commencement of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, issue any warrant, option or derivative on the underlying Shares (whether in the open market or otherwise), except with the prior written consent of the Sole Representative.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares and entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described under the paragraphs headed "Structure and Conditions of the Global Offering—International Placing—Over-allotment Option" and "Structure and Conditions of the Global Offering—Stabilization actions" in this prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares and their share price, and the extent to which this occurs from day to day cannot be estimated.

Underwriters' Interests in Our Company

Save for their obligations under the Underwriting Agreements, none of the Underwriters has any shareholding interests in our Company nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares in our Company nor any interest in the Global Offering.

Sponsor's Independence

Haitong International Capital satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the forms part of the Global Offering.

The Global Offering initially consists of (subject to the Over-allotment Option):

(i) the Hong Kong Public Offering of 12,500,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraph headed "Hong Kong Public Offering" in this section below; and

(ii) the International Placing of 112,500,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S.

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 Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for Hong Kong Public Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of Offer Shares to professional, institutional 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. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Placing 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 and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Placing respectively may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as set out in the sub-section headed "International Placing—Over-allotment Option" in this section of the prospectus.

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 Representative (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. Details of the underwriting arrangements are summarized in "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

(i) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering and the Capitalization Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective agreements

in each case on or before the dates and times specified in the Underwriting Agreements (unless 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.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Sole Representative (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which 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 Representative (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 consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **http://www.rxswy.com/** on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for the Hong Kong Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Thursday, July 15, 2021 but will only become valid certificates of title at 8:00 a.m. on Friday, July 16, 2021 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in "Underwriting—Underwriting arrangements and expenses— Hong Kong Public Offering—Grounds for termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 12,500,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to the reallocation of Shares between (i) the International Placing; and (ii) the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Public Offer Shares will represent approximately 2.5% of our Company's issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Global Offering" in this section of the prospectus.

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 Public 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 Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B. The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of HK$5 million or less (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and 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 Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Public Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 6,250,000 Hong Kong Public Offer Shares (being 50% of the initial number of Hong Kong Public Offer Shares) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment at the discretion of the Sole Representative, subject to the following:

(a) where the International Placing Shares are fully subscribed or oversubscribed:

   (i) if the Hong Kong Public Offer Shares are undersubscribed, the Sole Representative has the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Placing, in such proportions as the Sole Representative deems appropriate;

   (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 12,500,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased up to 25,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (A) 15 times or more but less than 50 times; (B) 50 times or more but less than 100 times; and (C) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased up to 37,500,000 Offer Shares (in the case of (A)), 50,000,000 Offer Shares (in the case of (B)) and 62,500,000 Offer Shares (in the case of (C)) representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

(b) where the International Placing Shares are undersubscribed:

(i) if the Hong Kong Public Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Public Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 12,500,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased up to 25,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

For any reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering above, such allocation will be conducted in accordance with Practice Note 18 of the Listing Rules. In accordance with the guidance letter HKEX-GL-91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offering following such reallocation shall be not more than double of the initial allocation to the Hong Kong Public Offering (i.e. 25,000,000 Shares).

In the event of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price range (i.e. HK$4.68 per Offer Share).

In all cases of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering, 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 Placing will be correspondingly reduced.

Applications

The Sole Representative (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Representative so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, 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 (including conditionally and/or provisionally) Offer Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$5.63 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price as finally determined in the manner described in the sub-section headed "Price Determination of the Global Offering" in this section of the prospectus, is less than the maximum price of HK$5.63 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for the Hong Kong Public Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

INTERNATIONAL PLACING

Number of Offer Shares Offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 112,500,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). Subject to any reallocation of Offer Shares between the International Placing and the

Hong Kong Public Offering, the International Placing Shares will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering assuming the Over-allotment Option is not exercised.

The International Placing is subject to the same conditions as stated in the sub-section headed "Conditions of the Global Offering" in this section of the prospectus.

Allocation

The International Placing will include selective marketing of Offer Shares to professional, institutional 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. 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 Placing will be effected in accordance with the book-building process described in the sub-section headed "Price Determination of the Global Offering" in this section of the prospectus 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.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the International Underwriters which is exercisable at the sole discretion of the Sole Representative (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Sole Representative has the right, exercisable at any time from the Listing Date until 30 days after the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to allot and issue up to 18,750,000 additional new Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the same price per Share under the International Placing to cover over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

Stock Borrowing Agreement

Haitong International Securities, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from Rongxin Yipin under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(i)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Rongxin Yipin will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Placing;
- the maximum number of Shares borrowed from Rongxin Yipin under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Rongxin Yipin or its nominees on or before the third business day following the earlier of (i) the last day on which Shares may be issued and allotted by the Company pursuant to the Over-allotment Option, (ii) the date on which the Over-allotment Option is exercised in full, and (iii) such time as may be agreed in writing between Rongxin Yipin and the Stabilizing Manager;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to Rongxin Yipin by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

PRICE DETERMINATION OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Friday, July 9, 2021, and in any event on or before Wednesday, July 14, 2021, by agreement between the Sole Representative (for itself and on behalf of the Underwriters) and our Company.

The Offer Price will be not more than HK$5.63 per Share and is expected to be not less than HK$4.68 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Representative, for itself and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **http://www.rxswy.com/** notices of the reduction and 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 give potential investors who had applied for the Hong Kong Public Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Such announcement and supplemental prospectus shall also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set forth in the section headed "Summary" in this prospectus and other financial information which may change as a result of such reduction. Upon issue of such a notice and the supplemental prospectus, the revised number of Offer Shares and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Sole Representative (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Sole Representative (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the levels of indication of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares under the Hong Kong Public Offering, are expected to be announced on Thursday, July 15, 2021 in the manner set out in "How to Apply for the Hong Kong Public Offer Shares—11. Publication of Results" in this prospectus.

STABILIZATION ACTION

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 new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the offer price.

Haitong International Securities has been appointed by us as the stabilizing manager ("**Stabilizing Manager**") for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on the date which is the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. 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. Any market purchases of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager its affiliates or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the sole and absolute discretion of the Sole Representative and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 18,750,000 Shares in aggregate, which is 15% of the Shares initially available under the Global Offering.

Stabilizing Manager, its affiliates or any person acting for it, may take all or any of the following stabilizing action in Hong Kong during the stabilization period:

(i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(ii) in connection with any action described in paragraph (i) above;

(a) (1) over-allocation; or

(2) selling or agreeing to sell the Shares so as to establish a short position in them, for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) exercise the Over-allotment Option and subscribe for, or agreeing to subscribe for the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) above;

(c) sell or agree to sell any Shares by it in the course of the stabilizing action in order to liquidate any position that has been established by such actions; and

(d) offer or attempt to do anything described in (a)(2), (b) and (c) above.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a position; Investors should be warned of the possible impact of any liquidation of such long position by the Stabilizing Manager, its affiliates or any other person acting for them, may have an adverse impact on the market price of the Shares;

- stabilizing action cannot be used to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the date which is the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

In connection with the Global Offering, the Sole Representative may over-allocate up to and not more than an aggregate of 18,750,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Representative (on behalf of the International Underwriters) at their sole discretion, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Sole Representative may borrow up to 18,750,000 Shares from Rongxin Yipin, equivalent to the maximum number of Shares to be issued by our Company on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. Such stock borrowing arrangement will be in compliance with Rule 10.07(3) of the Listing Rules.

DEALING

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 the Offer Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, July 16, 2021, and will be traded in board lots of 1,000 Shares.

APPLICATIONS FOR HONG KONG PUBLIC OFFER SHARES

1. How to apply

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Public 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.

The Company, the Sole Representative, 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 Public 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 Representative may accept it at its discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO service** for the Hong Kong Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. Applying for Hong Kong Public Offer Shares

Which Application Channel to Use

For Hong Kong Public 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 Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between from 9:00 a.m. on Wednesday, June 30, 2021 until 12:00 noon on Friday, July 9, 2021 from:

(i) any of the following addresses of the Hong Kong Underwriters:

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

CMB International Capital Limited
45th Floor, Champion Tower
3 Garden Road
Central
Hong Kong

China Everbright Securities (HK) Limited
12/F
Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

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

CRIC Securities Company Limited
Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

Vision Capital International Holdings Limited
Room A01-A02
11/F
Grand Millennium Plaza
181 Queen's Road Central
Sheung Wan
Hong Kong

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

Huafu International Securities Limited
Units 03-06
17th Floor
Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

SBI China Capital Financial Services Limited
4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

Sinomax Securities Limited
Room 2705–6, 27/F, Tower One
Lippo Centre
89 Queensway
Hong Kong

(ii) any of the following branches of the receiving bank, China Construction Bank (Asia) Corporation Limited:

District	**Branch**	**Address**
Hong Kong Islands	Central Branch	6 Des Voeux Road Central, Central
	Causeway Bay Branch	G/F, Circle Plaza, 499 Hennessy Road, Causeway Bay
Kowloon	Mong Kok Nathan Road Branch	788 Nathan Road, Mongkok
	Kwun Tong Hoi Yuen Road Branch	56 Hoi Yuen Road, Kwun Tong
New Territories	Yuen Long Branch	68 Castle Peak Road, Yuen Long

You can collect a **YELLOW** Application Form and a copy of the prospectus during normal business hours from 9:00 a.m. on Wednesday, June 30, 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 cheque or a banker's cashier order attached and marked payable to CCB Nominees Limited – Ronshine Services Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

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 Public Offering will commence on Wednesday, June 30, 2021 through Friday, July 9, 2021. Such time period is longer than the 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 or such later time as described in "10. Effect of bad weather and/or extreme conditions on the opening of the applications 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 Representative (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Cayman Islands Companies Act, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Memorandum of Association 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 Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public 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 Public 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 Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company, the Directors and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public 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 "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

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, June 30, 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 and/or extreme conditions on the opening of the applications lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO service** to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO service** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO service** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Ronshine Service Holding Co., Ltd" **White Form eIPO** application submitted via the website 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 Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public 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 Representative 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 Public 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 Public 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 Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that our Company, the Directors and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public 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 the Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsors, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public 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 number of 1,000 Hong Kong Public Offer Shares. Instructions for more than 1,000 Hong Kong Public 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 Public 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:

Wednesday, June 30, 2021	–	9:00 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 Wednesday, June 30, 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 and/or extreme conditions on the opening of the application lists" in this section.

Note:

1. The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and 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 Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public 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 Public 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 the Company, the Hong Kong Share Registrar, the receiving banker, the Sole Representative, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for electronic applications

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO service** is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, 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 Public 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 Centre 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 Public 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 Public 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 Public Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Public 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, please see "Structure and Conditions of the Global Offering—Price Determination of the Global Offering" in this prospectus.

10. Effect of bad weather and/or extreme conditions on the opening of the application lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; and/or
- "extreme conditions" caused by a super typhoon,

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 either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, July 9, 2021 or if there is a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected timetable", an announcement will be made in such event.

11. Publication of results

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Thursday, July 15, 2021 on our Company's website at **http://www.rxswy.com/** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **http://www.rxswy.com/** 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 the 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 Public Offer Shares, if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure and Conditions of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. Circumstances in which you will not be allotted Offer Shares

You should note the following situations in which the Hong Kong Public 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 the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the 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 the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Representative, 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 Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Placing 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 cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Representative believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. Refund of application monies

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$5.63 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure and Conditions of the Global Offering—Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, July 15, 2021.

14. Dispatch/Collection of share certificates and refund monies

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour 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 Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Thursday, July 15, 2021. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, July 16, 2021 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares, and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the 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. and 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 the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before 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 Public Offer Shares or more, please follow the same instructions as described above for collecting refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(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 Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by 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 Public 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 Public Offer Shares or more, and your application is wholly or partially successful, you may collect your Share certificate(s) from 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 the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public 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 cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public 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 "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 Public 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 Public 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 Public 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 Public 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 the Shares into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

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

The following is the text of a report 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.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RONSHINE SERVICE HOLDING CO., LTD AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Ronshine Service Holding Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-55, which comprises the consolidated balance sheets as of December 31, 2018, 2019 and 2020, the company balance sheet as of December 31, 2020, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 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-55 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 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.

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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 of December 31, 2020 and the consolidated financial position of the Group as of December 31, 2018, 2019 and 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information which states that no dividends have been paid by Ronshine Service Holding Co., Ltd in respect of the Track Record Period.

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
June 30, 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 financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Consolidated statements of comprehensive income

		Year ended December 31,		
	Note	**2018**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	413,649	518,432	750,425
Cost of sales	*10*	(299,981)	(351,195)	(534,114)
Gross profit		113,668	167,237	216,311
Selling and marketing expenses	*10*	(6,831)	(6,530)	(8,203)
Administrative expenses	*10*	(59,809)	(62,992)	(92,257)
Net impairment (losses)/gains on financial assets	*3.1.2*	(1,702)	(1,341)	21
Other income	*7*	590	1,427	4,655
Other gains – net	*8*	409	1,199	1,087
Operating profit		46,325	99,000	121,614
Finance income		97	150	545
Finance cost		(116)	(101)	(260)
Finance (cost)/income – net	*9*	(19)	49	285
Profit before income tax		46,306	99,049	121,899
Income tax expenses	*12*	(12,510)	(27,544)	(36,828)
Total comprehensive income for the year		33,796	71,505	85,071
Total comprehensive income for the year is attributable to:				
– Owners of the Company		36,372	70,036	82,511
– Non-controlling interests		(2,576)	1,469	2,560
		33,796	71,505	85,071
Earnings per share (expressed in RMB'000 per share)				
– Basic and diluted earnings per share	*13*	364	700	825

Note: The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the shareholders passed on June 10, 2021 because the proposed capitalisation issue has not become effective as at the date of this report.

Consolidated balance sheets

		As of December 31,		
	Note	**2018**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Property, plant and equipment	*14*	4,467	2,968	15,741
Intangible assets	*15*	520	428	393
Deferred income tax assets	*25*	3,858	2,762	3,184
		8,845	6,158	19,318
Current assets				
Trade and other receivables and prepayments	*18*	133,176	222,560	148,702
Financial assets at fair value through profit or loss	*17*	32,500	73,000	–
Restricted cash	*20*	4,197	9,548	5,352
Cash and cash equivalents	*19*	50,394	71,121	249,221
		220,267	376,229	403,275
Total assets		229,112	382,387	422,593
Equity				
Equity attributable to owners of the Company				
Share capital	*21(a)*	–	–	–
Share premium	*21(b)*	–	–	146,798
Other reserves	*22*	5,000	5,000	(179,798)
Retained earnings		36,139	106,175	88,686
		41,139	111,175	55,686
Non-controlling interests		(4,348)	(2,879)	(319)
Total equity		36,791	108,296	55,367
Liabilities				
Non-current liabilities				
Lease liabilities	*24*	507	380	5,740
Current liabilities				
Contract liabilities	*6(a)*	32,520	48,548	82,548
Trade and other payables	*23*	146,104	200,947	270,077
Lease liabilities	*24*	1,382	1,059	2,725
Current income tax liabilities		11,808	23,157	6,136
		191,814	273,711	361,486
Total liabilities		192,321	274,091	367,226
Total equity and liabilities		229,112	382,387	422,593

Balance sheet of the Company

	Note	**As of December 31, 2020**
		RMB'000
Assets		
Non-current assets		
Investment in a subsidiary	*32*	96,798
Current assets		
Prepayments	*18*	4,391
Amounts due from a subsidiary		5,180
Cash and cash equivalents	*19*	44,218
Total assets		150,587
Equity		
Share capital	*1.2(a), 21(a)*	–
Share premium	*21(b)*	146,798
Accumulated losses		(13,890)
Total equity		132,908
Liabilities		
Current liabilities		
Amounts due to a subsidiary		17,679
Total liabilities		17,679
Total equity and liabilities		150,587

Consolidated statements of changes in equity

	Note	Attributable to owners of the Company						
		Share capital	Share premium	Other reserves	(Accumulated losses)/retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 21(a))	*(Note 21(b))*	*(Note 22)*				
Balance at January 1, 2018		–	–	7,600	(233)	7,367	(1,772)	5,595
Comprehensive income								
Profit for the year		–	–	–	36,372	36,372	(2,576)	33,796
Deemed distributions to the shareholders of the Company	22	–	–	(2,600)	–	(2,600)	–	(2,600)
Balance at December 31, 2018		–	–	5,000	36,139	41,139	(4,348)	36,791
Balance at January 1, 2019		–	–	5,000	36,139	41,139	(4,348)	36,791
Comprehensive income								
Profit for the year		–	–	–	70,036	70,036	1,469	71,505
Balance at December 31, 2019		–	–	5,000	106,175	111,175	(2,879)	108,296
Balance at January 1, 2020		–	–	5,000	106,175	111,175	(2,879)	108,296
Comprehensive income								
Profit for the year		–	–	–	82,511	82,511	2,560	85,071
Capital contributions from the shareholders of the Company	*22(b)*	–	–	88,000	–	88,000	–	88,000
Deemed distributions to the shareholders of the Company	*22(c)*	–	–	(176,000)	–	(176,000)	–	(176,000)
Completion of the Reorganization	*22(d)*	–	96,798	(96,798)	–	–	–	–
Issue of ordinary shares to the shareholders of the Company	*21(b)*	–	50,000	–	–	50,000	–	50,000
Dividends	26	–	–	–	(100,000)	(100,000)	–	(100,000)
Balance at December 31, 2020		–	146,798	(179,798)	88,686	55,686	(319)	55,367

Consolidated statements of cash flows

	Note	Year ended December 31, 2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*27*	26,417	78,543	308,836
Interest received	*9*	97	150	545
Income tax paid		(5,532)	(15,701)	(53,217)
Net cash generated from operating activities		20,982	62,992	256,164
Cash flows from investing activities				
Purchases of property, plant and equipment	*14*	(1,151)	(340)	(7,055)
Purchase of intangible assets	*15*	(299)	(74)	(133)
Proceeds from disposal of property, plant and equipment		–	69	50
Acquisition of financial assets at fair value through profit or loss		(148,200)	(192,060)	(121,000)
Proceeds from disposal of financial assets at fair value through profit or loss		138,934	151,973	195,196
Net cash (used in)/generated from investing activities		(10,716)	(40,432)	67,058
Cash flows from financing activities				
Capital contributions from the shareholder of the Company	*1.2(d)*	–	–	88,000
Principal elements and interest elements of lease payments		(1,349)	(1,833)	(2,479)
Dividend paid	*26*	–	–	(100,000)
Deemed distributions to the shareholders of the Company	*1.2(c)(ii), 1.2(d)(g)*	–	–	(178,000)
Issue of ordinary shares to the shareholders of the Company	*21(b)*	–	–	50,000
Listing expenses paid		–	–	(2,642)
Net cash used in financing activities		(1,349)	(1,833)	(145,121)
Net increase in cash and cash equivalents		8,917	20,727	178,101
Cash and cash equivalents at beginning of year		41,477	50,394	71,121
Exchange losses on cash and cash equivalents		–	–	(1)
Cash and cash equivalents at end of year		50,394	71,121	249,221

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on April 14, 2020 as an exempted company with limited liability under the Companies Act CAP.22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are primarily engaged in the provision of property management services and related value-added services in the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate holding company was Rongyue Century Co., Ltd ("Rongyue Century"), a company incorporated under the laws of British Virgin Islands ("BVI"), by the end of the reporting period. The ultimate controlling shareholder of the Group is Mr. Ou Zonghong ("Mr. Ou", or the "Controlling Shareholder").

1.2 Reorganization

Prior to the incorporation of the Company and the completion of the reorganization as described below (the "Reorganization"), the Listing Business was operated through Ronshine Shiou Property Service Group Limited ("Ronshine Shiou") and its subsidiaries in the PRC during the whole Track Record Period.

In preparation for the initial listing of the Company's Shares on the Main Board of the Stock Exchange, the Reorganization was undertaken pursuant to which Ronshine Shiou and its subsidiaries, engaged in the Listing Business, were transferred to the Company. The Reorganization principally involved the following:

(a) On April 14, 2020, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorized share capital of the Company was Hong Kong Dollar ("HK$") 380,000 divided into 38,000,000 ordinary shares of HK$0.01 each, of which one share was issued and allotted to the initial subscriber. Upon incorporation, the issued one share was transferred to Rongxin Yipin Co., Ltd ("Rongxin Yipin"), following which 20 and 79 shares were allotted and issued to Fumei International Co., Ltd ("Fumei International") and Rongxin Yipin, respectively. Upon completion of such transfer, allotment and issue, the Company became owned as to 20% by Fumei International and 80% by Rongxin Yipin. Fumei International and Rongxin Yipin were wholly owned by Rongyue Century, which is wholly owned by Mr. Ou.

(b) Euclidean Service Co., Ltd ("Euclidean Service") was incorporated in the BVI with limited liability on April 16, 2020 as the intermediate holding company of the Group in the BVI. On the date of incorporation, ten ordinary shares of Euclidean Service were issued and allotted to the Company. Upon completion of such allotment and issue, Euclidean Service became directly wholly-owned by the Company.

    Acme Rongxiang Co., Limited ("Acme Rongxiang") was incorporated in Hong Kong as a limited liability company on May 20, 2020, as the intermediate holding company of the Group in Hong Kong. On the date of incorporation, 100 shares of Acme Rongxiang were allotted and issued to Euclidean Service at a subscription price of HK$100. Upon completion of such allotment and issue, Acme Rongxiang became directly wholly-owned by Euclidean Service.

(c) (i) On May 22, 2020, at the instruction and direction of Mr. Ou, Fuzhou Zhuochuang Investment Co., Ltd ("Fuzhou Zhuochuang"), beneficially owned by Mr. Ou, transferred its 36% equity interest in Ronshine Shiou to Fujian Dingcheng Investment Co., Ltd. ("Fujian Dingcheng"), beneficially owned by Mr. Ou. On the same date, Pingtan Comprehensive Experimental Area Ronghe Investment Partnership (Limited Partnership) ("Pingtan Ronghe") transferred its 10% equity interest in Ronshine Shiou to Fujian Dingcheng at consideration of RMB8,500,000, which was determined with reference to the valuation of 10% equity interest in Ronshine Shiou as appraised by an independent valuer amounted to RMB47,500,000 and the outstanding capital contribution commitment of Pingtan Ronghe amounted to RMB39,000,000.Upon completion of such transfers, Ronshine Shiou became directly wholly-owned by Fujian Dingcheng.

(ii) On May 22, 2020, at the instruction and direction of Mr. Ou, Fuzhou Zhuochuang legally transferred its 40% equity interest in Fujian Shiou Commercial Management Co., Ltd. ("Shiou Commercial Management") to Ronshine Shiou at a consideration of RMB2,000,000. Upon completion of such transfer, Shiou Commercial Management became legally directly wholly-owned by Ronshine Shiou.

Upon completion of above transfers, the entrustment arrangements among Fujian Dingcheng, Fuzhou Zhuochuang, Mr. Ou and relevant shareholders of Fujian Dingcheng were terminated accordingly.

(d) On July 22, 2020, Fujian Dingcheng transferred its entire equity interest in Ronshine Shiou to Shanghai Ouxing Tuye Enterprise Development Co., Ltd. ("Ouxing Tuye"), a company established in the PRC with paid-in capital of RMB88,000,000 and owned as to 99% by Shanghai Ouxing Mingtu Enterprise Development Co., Ltd ("Ouxing Mingtu"), a company wholly-owned by Mr. Ou, and 1% by Mr. Ou, at a consideration of RMB88,000,000. Upon completion of such transfer, Ronshine Shiou became wholly owned by Ouxing Tuye.

(e) On August 18, 2020, Fujian Rongdian Enterprise Management Consulting Co., Ltd. ("Fujian Rongdian") was established in the PRC as a wholly foreign-owned enterprise with an initial registered capital of RMB2,000,000. Since its establishment, Fujian Rongdian has been wholly owned by Acme Rongxiang.

(f) On August 18, 2020, a family trust was established by Mr. Ou, as the settlor and protector, with HSBC International Trustee Limited acting as the trustee.

On August 19, 2020, Rongyue Century transferred all the issued shares it held in Fumei International and Rongxin Yipin to Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the BVI with limited liability and wholly owned by the trustee for the administration of the family trust. The family trust is a discretionary and irrevocable trust.

(g) On October 9, 2020, Fujian Rongdian acquired the entire equity interest in Ouxing Tuye from Ouxing Mingtu and Mr. Ou, respectively, at a consideration of RMB88,000,000, which was settled on October 13, 2020. Upon completion of such transfer, Ouxing Tuye became directly wholly-owned by Fujian Rongdian.

Upon completion of the above transfers, the Company became the holding company of Ronshine Shiou and the companies now comprising the Group.

The principal PRC operating subsidiaries in which the Company held indirect interest upon completion of the Reorganization and as of the date of this report are set out in Note 32.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business is conducted through Ronshine Shiou. Pursuant to the Reorganization, the Listing Business held through Ronshine Shiou are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The steps as described in Note 1.2 above are merely a recapitalization of the Listing Business with no change in management of such business and the ultimate controlling shareholder of the Listing Business remains the same.

Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under Ronshine Shiou and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Ronshine Shiou with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business for all periods presented.

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. The Group has applied HKFRS 9, HKFRS 15 and HKFRS 16 consistently throughout the Track Record Period.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVPL"), which are carried at fair value.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosures

Up to the date of issuance of this report, the HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group during the Track Record Period:

		Effective for annual periods beginning on or after
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 (amendments)	January 1, 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020	January 1, 2022
HKFRS 3, HKAS 16, and HKAS 37	Narrow-scope Amendments (Amendments)	January 1, 2022
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	January 1, 2022
HKAS 37 (Amendments)	Onerous Contracts—Cost to Fulfilling a Contract	January 1, 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	January 1, 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	January 1, 2023
HKFRS 17	Insurance Contract (New Standard)	January 1, 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	January 1, 2023
HK Int 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the Group's financial statements is expected when they become effective.

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and 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 in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.3 Business combinations

Except for the Reorganization, the acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as of the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.4 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Historical Financial Information are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized within "Other gains – net" in the consolidated statements of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or, in case of leasehold improvements, and certain leased plants and equipment, the shorter lease term, as follows:

– Vehicles	3-5 years
– Office equipments	3-5 years
– Machinery	3-5 years
– Leasehold improvements	1-3 years
– Right-of-use assets	1-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains – net" in the consolidated statements of comprehensive income.

2.8 Intangible assets

Software

Intangible assets mainly include computer software. They are initially recognized and measured at costs incurred to acquire and bring them to use. Intangible assets are amortized over their estimated useful lives (generally 3 to 5 years), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

2.9 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains – net and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains – net in the period in which it arises.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

2.12 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of 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 from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 18 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.

2.14 Cash and cash equivalents, restricted cash

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. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheets.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Current and deferred income tax

The income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.18 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 organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

2.20 Revenue recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

The Group provides property management services, value-added services to non-property owners and community value-added services.

(a) Property management services

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognizes as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed. Revenue from providing property management services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is responsible for providing the property management services to the property owners, the Group entitles to revenue at the value of property management services fee received or receivable and recognises all related property management costs as its cost of service.

For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group recognizes the commission, which is calculated by a pre-determined percentage or amount of the property management fee received or receivable by the properties.

(b) Value-added services to non-property owners

Value-added services to non-property owners mainly includes sales assistance services, preliminary planning and design consultancy services, cleaning, greening, repair, maintenance services to property developers at the pre-delivery stage and driving vehicle dispatching and managing services. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognized when the value-added services are rendered.

(c) Community value-added services

Community value-added services mainly includes sales of goods, resident services, and advertisement, revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

For sales of goods, the Group sells commodities to property owners and residents of the properties under the Group's management online and in community. Sales of goods are recognized when the Group delivers the goods to the customers.

For other value-added services includes resident services, community public areas management and operation and advertisement, revenue is recognized when the related other value-added services are rendered. Payment of the transaction is due immediately when the other value-added services are rendered to the customer.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2.21 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as "other income".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose, see Note 9 below.

2.22 Leases

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be determined, or the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associate with short-term leases terms of 12 months or less and leases of low-value assets are recognized on a straight-line basis over the lease term as an expense in profit or loss.

2.23 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized 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 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.25 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the Group. As of December 31, 2018 and 2019, there was no non-RMB assets and liabilities. As of December 31, 2020, non-RMB assets are cash and cash equivalents of RMB4,919,000 denominated in US$ and RMB8,000 denominated in HK$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

(b) Price risk

The Group is exposed to price risk in respect of financial assets at fair value through profit or loss held by the Group which are carried at fair value with changes in the fair value recognized in profit or loss.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. Each investment is managed by senior management on a case by case basis. The impact of variable price of investments held by the Group please refer to Note 17. As of December 31, 2020, the Group had no such investment.

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash, cash equivalents, restricted cash and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets.

(a) Cash deposits at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(b) Financial assets at fair value through profit or loss

The Group expects that there is no significant credit risk associated with financial assets at fair value through profit or loss since the Group furnishes investment mandates to commercial banks. And these mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(c) Trade and other receivables

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 recoverability 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.

The Group considers the probability of default whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

(i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	**Group definition of category**	**Basis for recognition of expected credit loss provision**
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
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 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 180 days past due	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

As of December 31, 2018, 2019 and 2020, the Group has assessed that the expected loss rate for trade and other receivables from related parties (mainly from Ronshine China Holdings Limited and its subsidiaries (the "Ronshine China Group") and companies controlled by Mr. Ou) were low since related parties have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for trade and other receivables from the related parties are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial. Thus no loss allowance provision for trade and other receivables from related parties was recognized during the Track Record Period.

The expected credit loss rate for the provision matrix is for trade receivables which are mainly related to our property management services business. As there is no significant change in the business operation of property management services, actual loss rates for trade receivables, customer profile and the adjustments for forward-looking macroeconomic data during the Track Record Period, the change in the expected credit loss rates for the provision matrix is insignificant throughout the Track Record Period.

(ii) 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 receivable.

As of December 31, 2018, 2019 and 2020, the loss allowance provision for the trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward-looking information.

	Up to 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Trade receivables (excluding trade receivables from related parties)					
At December 31, 2018					
Gross carrying amount (RMB'000)	23,498	3,817	1,054	387	28,756
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	235	953	526	387	2,101
At December 31, 2019					
Gross carrying amount (RMB'000)	27,352	3,747	2,018	903	34,020
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	274	937	1,009	903	3,123
At December 31, 2020					
Gross carrying amount (RMB'000)	48,412	4,954	1,881	1,569	56,816
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	483	1,238	941	1,569	4,231

(iii) Other receivables

Other receivables (excluding other receivables from related parties) mainly included payments on behalf of property owners, deposits and others.

The Group uses the expected credit loss model to determine the expected loss provision for other receivables.

As of December 31, 2018, 2019 and 2020, other receivables from a specific third-party amounting to RMB3,799,000 were non-performing, and the Group had individually assessed that the expected loss rates were 100% as the counter party was experiencing significant financial difficulties. Expect for that, 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 expected credit losses model to assess credit loss of other receivables.

	Performing	**Under-performing**	**Non-performing**	**Total**
Other receivables (excluding other receivables from related parties)				
At December 31, 2018				
Gross carrying amount (RMB'000)	16,756	–	3,799	20,555
Loss allowance provision (RMB'000)	2,009	–	3,799	5,808
At December 31, 2019				
Gross carrying amount (RMB'000)	18,194	–	3,799	21,993
Loss allowance provision (RMB'000)	2,328	–	3,799	6,127
At December 31, 2020				
Gross carrying amount (RMB'000)	28,916	–	3,799	32,715
Loss allowance provision (RMB'000)	1,199	–	3,799	4,998

As of December 31, 2018, 2019 and 2020, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding trade receivables from related parties)	Other receivables (excluding prepayments and other receivables from related parties)	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2018	1,358	4,849	6,207
Net impairment losses on financial assets	743	959	1,702
At December 31, 2018	2,101	5,808	7,909
At January 1, 2019	2,101	5,808	7,909
Net impairment losses on financial assets	1,022	319	1,341
At December 31, 2019	3,123	6,127	9,250
At January 1, 2020	3,123	6,127	9,250
Net impairment losses/(gains) on financial assets	1,108	(1,129)	(21)
At December 31, 2020	4,231	4,998	9,229

As of December 31, 2018, 2019 and 2020, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB139,702,000, RMB229,021,000 and RMB148,770,000 and thus the maximum exposure to loss was RMB131,793,000, RMB219,771,000 and RMB139,541,000 respectively.

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 and lease liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2018					
Financial liabilities					
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	95,423	–	–	–	95,423
Lease liabilities (including interest payments)	1,417	540	–	–	1,957
	96,840	540	–	–	97,380
As of December 31, 2019					
Financial liabilities					
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	128,269	–	–	–	128,269
Lease liabilities (including interest payments)	1,081	356	54	–	1,491
	129,350	356	54	–	129,760
As of December 31, 2020					
Financial liabilities					
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	162,949	–	–	–	162,949
Lease liabilities (including interest payments)	2,800	1,803	4,348	479	9,430
	165,749	1,803	4,348	479	172,379

The Group expects that there is no significant liquidity risk associated with financial guarantee contracts since they are provided to a subsidiary of Ronshine China Group. Management expect the likelihood of default in payments is minimal. The contracts were terminated and exposure was released on September 21, 2020.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As of December 31, 2018, 2019 and 2020 asset-liability ratio of the Group is as follows:

	As of December 31,		
	2018	**2019**	**2020**
Asset-liability ratio	84%	72%	87%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past collection history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables as 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 tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilisation may be different.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the Track Record Period, the Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

During the Track Record Period, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

As of December 31, 2018, 2019 and 2020, all of the assets were located in the PRC.

6 REVENUE

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. An analysis of the Group's revenue by category for the years ended December 31, 2018, 2019 and 2020 is as follows:

		Year ended December 31,		
		2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
	Revenue from customer and recognized			
Property management services	over time	236,597	285,003	367,306
Value-added services to non-property owners	over time	172,752	225,062	368,243
Community value-added services		4,300	8,367	14,876
– Sales of goods	at a point in time	–	1,432	8,124
– Other value-added services	over time	4,300	6,935	6,752
		413,649	518,432	750,425

During the years ended 31 December 2018, 2019 and 2020, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	Year ended December 31,		
	2018	2019	2020
Ronshine China Group	33%	30%	36%
Customer Group A*	17%	20%	17%

* Customer Group A represents a combination of companies under one group.

(a) Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Property management services	32,291	48,192	81,221
– Community value-added services	229	356	1,327
	32,520	48,548	82,548

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the expansion of business activities from self-development.

(ii) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year			
Property management services	33,737	32,291	43,099
Community value-added services	199	229	356
	33,936	32,520	43,455

(iii) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognizes revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

(iv) Assets recognized from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

7 OTHER INCOME

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Additional deduction of value-added input tax	–	1,064	2,341
Government grants (Note (a))	590	363	2,314
	590	1,427	4,655

(a) Government grants mainly consisted of financial subsidies granted by the local governments.

8 OTHER GAINS – NET

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Penalty expenses	(53)	(409)	(161)
Net fair value gains on financial assets at fair value through profit or loss	274	413	1,196
Gains on disposal of property, plant and equipment	–	52	50
Others	188	1,143	2
	409	1,199	1,087

9 FINANCE (COST)/INCOME – NET

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Interest income from bank deposits	97	150	545
Finance cost			
Interest expenses of lease liabilities (Note 24)	(116)	(101)	(260)
Finance (cost)/income – net	(19)	49	285

10 EXPENSES BY NATURE

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses (Note 11)	267,746	310,337	460,904
Greening and cleaning expenses	47,513	50,454	75,357
Maintenance costs	9,024	15,119	18,534
Office expenses	7,021	5,307	7,790
Community activities expenses	6,019	5,821	6,625
Travelling and entertainment expenses	4,037	4,879	5,537
Consultancy fee	3,714	4,792	3,744
Advertising expenses	2,630	2,399	2,341
Security charges	3,889	5,464	14,598
Taxes and other levies	2,158	3,009	4,964
Depreciation and amortization charges	3,020	3,270	3,695
Bank charges	694	880	1,273
Auditors' remuneration			
– Audit services	73	75	151
– Non-audit services	413	–	–
Lease payments on short term leases (Note 24)	1,210	1,580	1,730
Cost of goods sold	–	1,071	6,800
Listing expenses	–	–	13,932
Others	7,460	6,260	6,599
	366,621	420,717	634,574

11 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	228,140	258,428	411,601
Social insurance expenses and housing benefits (Note (a))	27,813	39,638	35,876
Other employee benefits (Note (b))	11,793	12,271	13,427
	267,746	310,337	460,904

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, affected by Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February to December 2020 have been reduced or exempted accordingly.

(b) Other employee benefits mainly include team building expenses, meal and traveling allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2, 2 and 2 directors for the years ended December 31, 2018, 2019 and 2020 whose emolument is reflected in the analysis shown in Note 31. The emoluments payable to the remaining 3, 3 and 3 individuals during the Track Record Period are as follows:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses:	2,179	2,370	3,007
Pension costs, housing funds, medical insurance and other social insurances	244	296	205
	2,423	2,666	3,212

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,		
	2018	2019	2020
Emolument bands in Hong Kong dollars ("HK$")			
Nil – HK$1,000,000	1	2	–
HK$1,000,001 – HK$1,500,000	2	1	3
	3	3	3

12 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the years ended December 31, 2018, 2019 and 2020.

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%, Certain branches of the Group in the PRC are small entities, and they are subject to a preferential income tax rate of 10% in 2018, 5% in 2019 and 2020.

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on December 6, 2007, dividends distributed from the profits generated by the PRC companies after January 1, 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 fulfill the requirements to the tax treaty arrangements between Mainland China and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its subsidiaries in Mainland China as the Group does not have a plan to distribute these earnings from its subsidiaries in Mainland China.

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	14,663	26,448	37,250
Deferred income tax (Note 25)	(2,153)	1,096	(422)
	12,510	27,544	36,828

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's entities as follows:

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	46,306	99,049	121,899
Tax charge at effective rate applicable to profits in the respective Group entities	11,577	24,762	30,475
Tax effects of:			
– Expenses not deductible for tax purposes	277	258	3,737
– Tax losses and deductible temporary differences for which no deferred income tax asset was recognized	185	371	462
– The impact of change in tax rate applicable to a subsidiary	385	2,153	2,160
– Others	86	–	(6)
Income tax expenses	12,510	27,544	36,828

The effective income tax rate was 27%, 28% and 30% for the years ended December 31, 2018, 2019 and 2020, respectively.

13 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the years ended December 31, 2018, 2019 and 2020. In determining the weighted average number of ordinary shares outstanding the 100 shares issued on October 29, 2020 were deemed to have been in issue since January 1, 2018.

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Profit attributable to owners of the Company (RMB'000)	36,372	70,036	82,511
Ordinary shares outstanding	100	100	100
Basic earnings per share attributable to the owners of the Company during the year (expressed in RMB'000 per share)	364	700	825

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted earnings per share is equal to basic earnings per share.

(c) The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the shareholders passed on June 10, 2021 because the proposed capitalisation issue has not become effective as at the date of this report.

14 PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office equipments	Machinery	Leasehold improvements	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2018						
Cost	672	2,863	1,360	1,801	3,378	10,074
Accumulated depreciation	(448)	(1,972)	(881)	(249)	(643)	(4,193)
Net book amount	224	891	479	1,552	2,735	5,881
Year ended December 31, 2018						
Opening net book amount	224	891	479	1,552	2,735	5,881
Additions	67	356	269	459	327	1,478
Depreciation charge	(83)	(362)	(191)	(999)	(1,257)	(2,892)
Closing net book amount	208	885	557	1,012	1,805	4,467
As of December 31, 2018						
Cost	739	3,219	1,629	2,260	3,705	11,552
Accumulated depreciation	(531)	(2,334)	(1,072)	(1,248)	(1,900)	(7,085)
Net book amount	208	885	557	1,012	1,805	4,467

	Vehicles	Office equipments	Machinery	Leasehold improvements	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019						
Opening net book amount	208	885	557	1,012	1,805	4,467
Additions	13	273	54	–	1,282	1,622
Disposals	(4)	(13)	–	–	–	(17)
Depreciation charge	(69)	(384)	(179)	(808)	(1,664)	(3,104)
Closing net book amount	148	761	432	204	1,423	2,968
As of December 31, 2019						
Cost	668	3,408	1,683	2,260	4,987	13,006
Accumulated depreciation	(520)	(2,647)	(1,251)	(2,056)	(3,564)	(10,038)
Net book amount	148	761	432	204	1,423	2,968
Year ended December 31, 2020						
Opening net book amount	148	761	432	204	1,423	2,968
Additions	36	281	181	6,557	9,245	16,300
Depreciation charge	(62)	(333)	(130)	(711)	(2,291)	(3,527)
Closing net book amount	122	709	483	6,050	8,377	15,741
As of December 31, 2020						
Cost	704	3,689	1,864	8,817	14,232	29,306
Accumulated depreciation	(582)	(2,980)	(1,381)	(2,767)	(5,855)	(13,565)
Net book amount	122	709	483	6,050	8,377	15,741

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	438	430	537
Administrative expenses	2,454	2,674	2,990
	2,892	3,104	3,527

(a) No property, plant and equipment is restricted or pledged as security for liabilities as of December 31, 2018, 2019 and 2020.

15 INTANGIBLE ASSETS

	Software
	RMB'000
As of January 1, 2018	
Cost	497
Accumulated amortization	(148)
Net book amount	349
Year ended December 31, 2018	
Opening net book amount	349
Additions	299
Amortization	(128)
Closing net book amount	520
As of December 31, 2018	
Cost	796
Accumulated amortization	(276)
Net book amount	520
Year ended December 31, 2019	
Opening net book amount	520
Additions	74
Amortization	(166)
Closing net book amount	428
As of December 31, 2019	
Cost	870
Accumulated amortization	(442)
Net book amount	428
Year ended December 31, 2020	
Opening net book amount	428
Additions	133
Amortization	(168)
Closing net book amount	393
As of December 31, 2020	
Cost	1,003
Accumulated amortization	(610)
Net book amount	393

(a) No intangible asset is restricted or pledged as security for liabilities as of December 31, 2018, 2019 and 2020.

(b) The amortisation charge for the years ended December 31, 2018, 2019 and 2020 is included in "Administrative expenses" in the consolidated statements of comprehensive income.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized cost			
Trade and other receivables (excluding prepayments) (Note 18)	131,793	219,771	139,541
Cash and cash equivalents (Note 19)	50,394	71,121	249,221
Restricted cash (Note 20)	4,197	9,548	5,352
	186,384	300,440	394,114
Financial assets at fair value through profit or loss (Note 17)	32,500	73,000	–
	218,884	373,440	394,114
Financial liabilities at amortized costs			
Trade and other payables (excluding accrued payroll and other taxes payables) (Note 23)	95,423	128,269	162,949
Lease liabilities (Note 24)	1,889	1,439	8,465
	97,312	129,708	171,414

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Assets:			
Financial assets at fair value through profit or loss			
Short-term investments			
– Wealth management products			
Level 2 *(Note (a))*	31,500	72,000	–
Level 3 *(Note (b))*	1,000	1,000	–
	32,500	73,000	–

Fair value estimation

The Group's financial instruments recognized in the consolidated balance sheets are mainly cash and cash equivalents, restricted cash, trade and other receivables and financial assets at fair value through profit or loss and financial liability carried at amortized cost. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(a) Financial instruments in level 2

The Group's financial assets at fair values through profit or loss included wealth management products. If all significant inputs required to fair value an instrument are observable (for example, quoted redemption prices from the banks issued the products), the instrument is included in level 2.

(b) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group uses estimated discounted cash flows to make assumptions.

(i) The following table presents the changes in level 3 instruments for the year ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
	2018	**2019**	**2020**
	Financial assets at fair value through profit or loss Wealth management products		
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	960	1,000	1,000
Additions	7,900	5,060	5,000
Gains for the year recognized in profit or loss	42	23	28
Disposal	(7,902)	(5,083)	(6,028)
Closing balance	1,000	1,000	–
Includes unrealized gains recognized in profit or loss attributable to balances held at the end of the reporting period	–	–	–

Quantitative information about fair value measurements using significant unobservable inputs (level 3) is as follow:

	Fair value as of December 31,			**Valuation technique**	**Unobservable input**	**Weighted averaged As of December 31,**			**Relationship of unobservable inputs to fair value**
	2018	**2019**	**2020**			**2018**	**2019**	**2020**	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*			*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	
Financial assets at fair value through profit or loss									
– Wealth management products	1,000	1,000	–	Discounted cash flow	Expected interest rate per annum	3.59%	3.35%	Not applicable	The higher the expected interest rate per annum, the lower the fair value of the wealth management products

18 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Related parties *(Note 30(d))*	66,926	118,833	49,049
– Third parties	28,756	34,020	56,816
	95,682	152,853	105,865
Less: allowance for impairment of trade receivables	(2,101)	(3,123)	(4,231)
	93,581	149,730	101,634
Other receivables			
– Related parties *(Note 30(d))*	23,465	54,175	10,190
– Third parties	20,555	21,993	32,715
	44,020	76,168	42,905
Less: allowance for impairment of other receivables	(5,808)	(6,127)	(4,998)
	38,212	70,041	37,907
Prepayments to suppliers			
– Third parties	563	1,367	4,402
Deferred listing expenses *(Note (b))*	–	–	4,391
Prepaid tax	820	1,422	368
	133,176	222,560	148,702

The Company

Deferred listing expenses *(Note (b))*	–	–	4,391

(a) Trade receivables mainly arise from property management services and value-added services to non-property owners.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the resident upon the issuance of demand note.

The value-added services to non-property owners are usually due for payment upon the issuance of document of settlement.

(b) Deferred listing expenses will be deducted from equity upon listing of the Group.

As of December 31, 2018, 2019 and 2020 the ageing analysis of the trade receivables based on invoice date were as follows:

The Group

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	90,094	144,948	97,455
1 to 2 years	4,145	4,979	4,960
2 to 3 years	1,054	2,023	1,881
Over 3 years	389	903	1,569
	95,682	152,853	105,865

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of December 31, 2018, 2019 and 2020 a provision of RMB2,101,000, RMB3,123,000 and RMB4,231,000 was made against the gross amounts of trade receivables (Note 3.1.2).

19 CASH AND CASH EQUIVALENTS

The Group

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand *(Note(a))*			
– Denominated in RMB	50,394	71,121	244,294
– Denominated in US$	–	–	4,919
– Denominated in HK$	–	–	8
	50,394	71,121	249,221

The Company

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand			
– Denominated in RMB	–	–	44,218

(a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

20 RESTRICTED CASH

Restricted cash represents subsidiaries' cash deposits in the bank as performance security for value-added services to non-property owners according to the requirements of certain clients.

21 SHARE CAPITAL AND SHARE PREMIUM

The Group and the Company

(a) Share capital

	Number of ordinary shares	Share capital	Equivalent share capital
		HK$'000	*RMB'000*
Authorized			
As of April 14, 2020 (date of incorporation of the Company) and December 31, 2020	38,000,000	380	345
Issued			
As of April 14, 2020 (date of incorporation of the Company) and December 31, 2020	100	–	–

The Company was incorporated on April 14, 2020 with an authorized share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. On the same date, one share was issued and allotted to the initial subscriber. Upon incorporation, the issued one share was transferred to Rongxin Yipin, following which 20 and 79 shares were allotted and issued to Fumei International and Rongxin Yipin, respectively.

(b) Share premium

The Group and the Company

	Share premium
	RMB'000
Balance at April 14, 2020 (date of incorporation of the Company)	–
Completion of the Reorganization *(Note 22 (d))*	96,798
Issue of ordinary shares to the shareholders of the company	50,000
Balance at December 31, 2020	146,798

On October 29, 2020, Fumei International and Rongxin Yipin paid up RMB10,000,000 and RMB40,000,000 respectively to the Company.

22 OTHER RESERVES

The Group

	Capital reserves
	RMB'000
Balance at January 1, 2018	7,600
Deemed distributions to the shareholders of the Company *(Note(a))*	(2,600)
Balance at December 31, 2018	5,000
Balance at December 31, 2019	5,000
Balance at January 1, 2020	5,000
Capital contributions from the shareholders of the company *(Note (b))*	88,000
Deemed distributions to the shareholders of the company *(Note (c))*	(176,000)
Merger reserve arising from the Reorganization *(Note (d))*	(96,798)
Balance at December 31, 2020	(179,798)

(a) The amount represented consideration to be paid by the Company's subsidiary, Ronshine Shiou, to acquire 52% equity interest in Ronshine (Fujian) Property Management Co., Ltd. ("Ronshine Property Management") as a subsidiary from Mr. Ou. Ronshine Property Management had already been included in the Historical Financial Information of the Group for the Track Record Period since it is controlled by Mr. Ou before and after the acquisition. Such amount is regarded as deemed distribution to the equity holders and debited directly to reserve.

(b) On September 24, 2020, Ouxing Mingtu and Mr. Ou paid up RMB87,120,000 and RMB880,000 respective to Ouxing Tuye.

(c) As disclosed in Note 1.2(d), Ouxing Tuye acquired the entire equity interest of Ronshine Shiou at a cash consideration of RMB88,000,000 from the then shareholder during the Reorganization. The cash consideration is deemed as distribution to the equity holders.

As disclosed in Note 1.2(g), On October 9, 2020, Fujian Rongdian acquired the entire equity interest in Ouxing Tuye from Ouxing Mingtu and Mr. Ou, respectively, at a consideration of RMB88,000,000, which was settled on October 13, 2020. The cash consideration is deemed as distribution to the equity holders.

(d) Merger reserve arising from the Reorganization represented the excess of the aggregate net asset values of Ronshine Shiou over the consideration the Company paid pursuant to the Reorganization.

23 TRADE AND OTHER PAYABLES

The Group

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Related parties *(Note 30(d))*	1,124	5,708	5,437
– Third parties	25,471	29,706	45,495
	26,595	35,414	50,932
Other payables			
– Related parties *(Note 30(d))*	4,842	14,699	8,704
– Third parties	63,986	78,156	103,313
	68,828	92,855	112,017
Accrued payroll	41,731	59,520	91,031
Other taxes payables	8,950	13,158	16,097
	146,104	200,947	270,077

As of December 31, 2018, 2019 and 2020 the carrying amounts of trade and other payables approximated its fair values.

(a) As of December 31, 2018, 2019 and 2020 the ageing analysis of the trade payables based on invoice date were as follows:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	25,324	33,174	49,564
1 to 2 years	1,049	1,927	370
2 to 3 years	209	158	799
Over 3 years	13	155	199
	26,595	35,414	50,932

24 LEASES

(a) Amounts recognized in the consolidated balance sheets

The Group

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Properties *(Note 14)*	1,805	1,423	8,377
Lease liabilities			
Current	1,382	1,059	2,725
Non-current	507	380	5,740
	1,889	1,439	8,465

(b) Amounts recognized in the consolidated statements of comprehensive income

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge			
Properties *(Note 14)*	1,257	1,664	2,291
Interest expenses (included in finance cost) *(Note 9)*	116	101	260
Expenses relating to short-term leases (included in cost of sales and administrative expenses) *(Note 10)*	1,210	1,580	1,730
Cash outflows for lease payments	2,559	3,413	4,209

(c) A maturity analysis of lease liabilities is shown in the table below during the Track Record Period

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Leases are payable:			
Within one year	1,417	1,081	2,800
Later than one year but no later than two years	540	356	1,803
Later than two years but not later than five years	–	54	4,348
Later than five years	–	–	479
Minimum lease payments	1,957	1,491	9,430
Future finance charge	(68)	(52)	(965)
Total lease liabilities	1,889	1,439	8,465
The present value of lease liabilities is as follows:			
Within one year	1,382	1,059	2,725
Later than one year but no later than two years	507	331	1,677
Later than two years but not later than five years	–	49	3,688
Later than five years	–	–	375
Total lease liabilities	1,889	1,439	8,465

25 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets:			
– Deferred tax assets to be recovered after more than 12 months	1,210	1,408	1,984
– Deferred tax assets to be recovered within 12 months	2,648	1,354	1,200
	3,858	2,762	3,184

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts	Deferred tax assets – tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*
As of January 1, 2018	1,539	166	1,705
Credited to the consolidated statements of comprehensive income	398	1,755	2,153
As of December 31, 2018	1,937	1,921	3,858
As of January 1, 2019	1,937	1,921	3,858
Credited/(charged) to the consolidated statements of comprehensive income	255	(1,351)	(1,096)
As of December 31, 2019	2,192	570	2,762
As of January 1, 2020	2,192	570	2,762
Credited to the consolidated statements of comprehensive income	94	328	422
As of December 31, 2020	2,286	898	3,184

As of December 31, 2018, 2019 and 2020 in accordance with the accounting policy set out in Note 2.17(b), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB913,000, RMB1,284,000 and RMB2,145,000, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from year of occurrence under current tax legislation.

26 DIVIDENDS

No dividend has been declared by the Company since its incorporation.

The dividend declared by the subsidiaries now comprising the Group to their then shareholders during the year ended 31 December 2018, 2019 and 2020 were as follows:

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Dividends	–	–	100,000

27 CASH GENERATED FROM OPERATIONS

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	46,306	99,049	121,899
Adjustments for:			
– Depreciation of property, plant and equipment *(Note 14)*	2,892	3,104	3,527
– Amortization of intangible assets *(Note 15)*	128	166	168
– Net foreign exchange losses	–	–	1
– Allowance for impairment of trade and other receivables *(Note 3.1.2)*	1,702	1,341	(21)
– Gains from disposal of property, plant and equipment *(Note 8)*	–	(52)	(50)
– Net fair value gains on financial assets at fair value through profit or loss *(Note 8)*	(274)	(413)	(1,196)
– Finance cost/(income) – net *(Note 9)*	19	(49)	(285)
	50,773	103,146	124,043
Changes in working capital:			
– Trade and other receivables and prepayments	(52,872)	(90,123)	77,216
– Contract liabilities	(1,416)	16,028	34,000
– Trade and other payables	30,456	54,843	69,381
– Restricted cash	(524)	(5,351)	4,196
	26,417	78,543	308,836

(a) The reconciliation of liabilities arising from financial activities is as follow:

	Lease liabilities
	RMB'000
As of January 1, 2018	2,795
Addition of lease liabilities	327
Accrued interest expenses	116
Repayments	(1,233)
Interest paid	(116)
As of December 31, 2018	1,889
As of January 1, 2019	1,889
Addition of lease liabilities	1,282
Accrued interest expenses	101
Repayments	(1,732)
Interest paid	(101)
As of December 31, 2019	1,439
As of January 1, 2020	1,439
Addition of lease liabilities	9,245
Accrued interest expenses	260
Repayments	(2,219)
Interest paid	(260)
As of December 31, 2020	8,465

28 FINANCIAL GUARANTEES

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Guarantees for borrowings of a related party *(Note (a))*	1,489,500	1,319,500	–

(a) Amounts represent guarantees provided to a subsidiary of Ronshine China Group to obtain borrowings. Pursuant to the terms of the guarantees, the collection rights of property management services of a subsidiary of the Group were pledged as collateral for the borrowings. The fair value of financial guarantee is insignificant at initial recognition. The Group considers the repayment progress of the relevant borrowings by the related party and considers that the likelihood of default in payments is minimal. On September 21, 2020, Ronshine China Group fully repaid the borrowings. The financial guarantee contracts terminated and exposure of guarantees provided for the borrowings of a related party was released.

29 COMMITMENTS

(a) The Group did not have any material operating leases commitments or capital commitments as of December 31, 2018, 2019, 2020.

(b) Contingencies

Save as disclosed elsewhere in the Accountant's Report, the Group did not have any material contingent liabilities as of December 31, 2018, 2019, 2020.

30 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Ou 歐宗洪	Controlling shareholder of the Company
Fujian Dingcheng Investment Co., Ltd.* 福建鼎誠投資有限公司	A company controlled by Mr. Ou
Xiuyi (Fujian) Landscape Engineering Co., Ltd.* 秀藝(福建)園林工程有限公司	A company controlled by Mr. Ou
Hemei (Zhangzhou) Hotel Investment Co., Ltd.* 和美(漳州)酒店投資有限公司	A company controlled by Mr. Ou
Fujian Xiuyi Greening Management Co., Ltd.* 福建秀宜綠化管理有限公司	A company controlled by Mr. Ou
Ronshine China Group 融信中國集團	A group controlled by Mr. Ou
Zhenjiang Yiteng Property Development Co., Ltd.* 鎮江億騰房地產開發有限公司	An Associate of Ronshine China Group
Hangzhou Rongxin Property Development Co., Ltd.* 杭州融歆房地產開發有限公司	An Associate of Ronshine China Group
Hangzhou Dexin Shushan Property Co., Ltd.* 杭州德信蜀山置業有限公司	An Associate of Ronshine China Group
Ronglang Real Estate Development Co., Ltd.* 杭州融朗房地產開發有限公司	An Associate of Ronshine China Group
Fuzhou Yuxiang Real Estate Development Co., Ltd.* 福州市禹翔房地產有限公司	An Associate of Ronshine China Group
Hangzhou Linanlongxing Real Estate Development Co., Ltd.* 杭州臨安龍興房地產開發有限公司	An Associate of Ronshine China Group
Hangzhou Longyi Real Estate Development Co., Ltd.* 杭州龍毅房地產開發有限公司	An Associate of Ronshine China Group

Name	Relationship with the Group
Hangzhou Meishengmei Real Estate Co., Ltd.* 杭州美生美置業有限公司	An Associate of Ronshine China Group
Chengdu Jinfenghua Real Estate Co., Ltd.* 成都金灃華置業有限公司	An Associate of Ronshine China Group
Nantong Jianghe Real Estate Co., Ltd.* 南通江河置業有限公司	An Associate of Ronshine China Group
Hangzhou Rongqia Industrial Co., Ltd.* 杭州融洽實業有限公司	An Associate of Ronshine China Group
Hairong (Zhangzhou) Property Co., Ltd.* 海融(漳州)房地產有限公司	A joint venture of Ronshine China Group
Fuzhou Yubaichuan Real Estate Development Co., Ltd.* 福州裕百川房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Xinchen Property Co., Ltd.* 杭州信辰置業有限公司	A joint venture of Ronshine China Group
Nanjing Kaijingsheng Real Estate Development Co., Ltd.* 南京愷璟晟房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Ronghao Real Estate Development Co., Ltd.* 杭州融浩置業有限公司	A joint venture of Ronshine China Group
Ningbo Fenghuahedu Real Estate Development Co., Ltd.* 寧波奉化和都房地產開發有限公司	A joint venture of Ronshine China Group
Zhoushan Kairong Real Estate Development Co., Ltd.* 舟山愷融房地產開發有限公司	A joint venture of Ronshine China Group
Shanghai Biyang Real Estate Development Co., Ltd.* 上海碧楊置業有限公司	A joint venture of Ronshine China Group
Cixi Jingui Real Estate Development Co., Ltd.* 慈溪市金桂置業有限公司	A joint venture of Ronshine China Group
Hangzhou Rongxuan Real Estate Development Co., Ltd.* 杭州融晅房地產開發有限公司	A joint venture of Ronshine China Group
Anji Rongshang Real Estate Development Co., Ltd.* 安吉融尚房地產有限公司	A joint venture of Ronshine China Group
Jinhua Tianxi Real Estate Development Co., Ltd.* 金華天璽置業有限公司	A joint venture of Ronshine China Group
Jiujiang Rongxi Real Estate Development Co., Ltd.* 九江融璽房地產開發有限公司	A joint venture of Ronshine China Group
Jiangmen Rongchang Real Estate Development Co., Ltd.* 江門市融昌房地產開發有限公司	A joint venture of Ronshine China Group
Huzhou Rongda Real Estate Development Co., Ltd.* 湖州融達房地產開發有限公司	A joint venture of Ronshine China Group
Qingdao West Coast Tianze Construction Development Co., Ltd.* 青島西海岸天澤建設發展有限公司	A joint venture of Ronshine China Group
Hangzhou Jinguan Real Estate Co., Ltd.* 杭州錦官置業有限公司	A joint venture of Ronshine China Group
Mianyang Wanwei Jinxin Real Estate Development Co., Ltd.* 綿陽萬為金心房地產開發有限公司	A joint venture of Ronshine China Group
Jiangsu ronghua Real Estate Development Co., Ltd* 江蘇融華置業發展有限公司	A joint venture of Ronshine China Group

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(b) Transactions with related parties

During the years ended December 31, 2018, 2019 and 2020 the Group had the following significant transactions with related parties. The transaction amounts disclosed represent the transactions with relevant parties during the periods when those parties were related parties of the Group.

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Provision of services			
– Ronshine China Group	134,820	156,735	268,828
– Ronshine China Group's associates	1,036	6,095	9,900
– Ronshine China Group's joint ventures	12,606	21,790	27,246
– Companies controlled by Mr. Ou	695	1,043	9
	149,157	185,663	305,983

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Receipt of services			
– Ronshine China Group	–	–	566
– Companies controlled by Mr. Ou	1,096	5,675	7,143
	1,096	5,675	7,709

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 and as disclosed in Note 31 is set out below.

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other short-term employee benefits	2,423	2,666	3,212

(d) Balances with related parties

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Ronshine China Group	59,757	110,739	43,505
– Ronshine China Group's associates	811	917	2,939
– Ronshine China Group's joint ventures	5,796	6,509	2,605
– Companies controlled by Mr. Ou	562	668	–
	66,926	118,833	49,049
Other receivables *(i)*			
– Ronshine China Group			
– Performance guarantee deposits	–	30,000	10,190
– Companies controlled by Mr. Ou			
– Non-trade in nature	23,465	24,175	–
	23,465	54,175	10,190
Trade payables			
– Ronshine China Group	–	–	620
– Companies controlled by Mr. Ou	1,124	5,708	4,817
	1,124	5,708	5,437
Other payables			
– Ronshine China Group	–	–	617
– Companies controlled by Mr. Ou	242	10,099	5,487
– Mr. Ou	4,600	4,600	2,600
	4,842	14,699	8,704

(i) Other receivables mainly represented deposits of service provided to Ronshine China Group and other related parties, which will collect upon the termination of service contracts, the remaining balance are repayable on demand.

(ii) Above trade receivables and trade payables due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits, are non-trade in nature.

Trade and other receivables, and trade and other payables due from/to related parties are unsecured and interest-free.

All the non-trade balances with related parties as of December 31, 2020 have been subsequently settled in January and March 2021.

(e) Financial guarantees

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Guarantees			
– Ronshine China Group	1,489,500	1,319,500	–

31 DIRECTORS' BENEFITS AND INTERESTS

The following directors were appointed:

Executive directors
Mr. Ou (appointed on April 14, 2020)
Mr. Ma Xianghong (joined the Group on October 8, 2016 and appointed on September 22, 2020)
Ms. Lin Yi (joined the Group on June 15, 2014 and appointed on September 22, 2020)

Non-executive directors
Ms. Lin Liqiong (appointed on September 22, 2020)

Independent non-executive directors
Mr. Chen Zhangwang
Mr. Ye Azhong
Mr. Kwok Kin Kwong Gary

(a) Directors' emoluments

Executive director, Mr. Ou and non-executive director, Ms. Lin Liqiong did not receive any emoluments in respect of their services rendered for the Group for the Track Record Period.

The independent non-executive directors were appointed on June 10, 2021 and did not receive any emoluments in respect of their services rendered for the Group for the Track Record Period.

The directors received emoluments from the Group for the year ended December 31, 2018 as follows:

Name	**Fees**	**Salaries**	**Housing allowance and contributions to a retirement benefit scheme**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors				
Mr. Ma Xianghong	–	3,629	97	3,726
Ms. Lin Yi	–	699	80	779
	–	4,328	177	4,505

The directors received emoluments from the Group for the year ended December 31, 2019 as follows:

Name	Fees	Salaries	Housing allowance and contributions to a retirement benefit scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors				
Mr. Ma Xianghong	–	4,365	114	4,479
Ms. Lin Yi	–	798	80	878
	–	5,163	194	5,357

The director received emoluments from the Group for the year ended December 31, 2020 as follows:

Name	Fees	Salaries	Housing allowance and contributions to a retirement benefit scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors				
Mr. Ma Xianghong	–	6,131	72	6,203
Ms. Lin Yi	–	1,095	49	1,144
	–	7,226	121	7,347

(b) Directors' retirement benefits and termination benefits

During the Track Record Period, there were no termination benefit nor no additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC.

(c) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favor of director, controlled bodies corporate by and connected entities with such director

During the Track Record Period, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director.

(e) Directors' material interest in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as of December 31, 2018, 2019 and 2020 or at any time during the Track Record Period.

32 INVESTMENT IN A SUBSIDIARY—COMPANY

The following is a list of the principal subsidiaries at December 31, 2018, 2019 and 2020:

Company name	Country/ place and date of incorporation/ establishment	Registered/ issued capital	Attributable equity interest of the Group December 31, 2018	2019	2020	Principal activities and place of operation	*Note*
Directly owned:							
Euclidean Service	BVI, April 16, 2020	–	Not applicable	Not applicable	100%	Investment holding in BVI	*(ii)*

Company name	Country/ place and date of incorporation/ establishment	Registered/ issued capital	Attributable equity interest of the Group December 31, 2018	2019	2020	Principal activities and place of operation	*Note*
Indirectly owned:							
Acme Rongxiang 極致融享有限公司	Hong Kong, May 20, 2020	HK$100	Not applicable	Not applicable	100%	Investment holding in Hong Kong	*(iii)*
Fujian Rongdian Enterprise Management Consulting Co., Ltd.* 福建融點企業管理諮詢有限公司	The PRC, August 18, 2020	RMB2,000,000	Not applicable	Not applicable	100%	Investment holding in Fujian	*(iii)*
Shanghai Ouxing Tuye Enterprise Development Co., Ltd.* 上海歐興途業企業發展有限公司	The PRC, July 2, 2020	RMB88,000,000	Not applicable	Not Applicable	100%	Investment holding in Shanghai	*(iii)*
Rongxin Shiou Property Service Group Limited 融信世歐物業服務集團有限公司	The PRC, April 29, 2011	RMB50,000,000	100%	100%	100%	Property management services in Fujian	*(i)*
Ronshine (Fujian) Property Management Co., Ltd.* 融信(福建)物業管理有限公司	The PRC, July 5, 2004	RMB5,000,000	52%	52%	52%	Property management services in Fujian	*(i)*
Fujian Shiou Commercial Management Co., Ltd.* 福建世歐商業管理有限公司	The PRC, September 23, 2016	RMB5,000,000	100%	100%	100%	Property management services in Fujian	*(i)*
Fuzhou Hemei Environmental Service Co., Ltd.* 福州和美環境服務有限公司	The PRC, December 21, 2015	RMB5,000,000	100%	100%	100%	Cleaning service in Fuzhou	*(i)*
Fujian Rongguan Electromechanical Engineering Co., Ltd.* 福建融冠機電工程有限公司	The PRC, September 2, 2016	RMB10,000,000	100%	100%	100%	Engineering construction services in Fuzhou	*(i)*
Fujian Xinde Property Service Co., Ltd.* 福建信德物業服務有限公司	The PRC, November 24, 2005	RMB30,000,000	100%	100%	100%	Property management services in Fujian	*(iii)*

Company name	Country/ place and date of incorporation/ establishment	Registered/ issued capital	Attributable equity interest of the Group			Principal activities and place of operation	*Note*
			December 31,				
			2018	2019	2020		
Shanghai Ronglin Trading Co., Ltd.* 上海融鄰貿易有限公司.	The PRC, October 24, 2018	RMB2,000,000	100%	100%	100%	Sales service in Shanghai	*(iii)*
Shanghai Rongmao Real estate Brokerage Co., Ltd.* 上海融茂房地產經紀有限公司	The PRC, December 3, 2018	RMB2,000,000	100%	100%	100%	Real estate information consultation in Shanghai	*(iii)*
Fuzhou Hairun Security Service Co., Ltd.* 福州海潤保安服務有限公司.	The PRC, October 10, 2016	RMB5,000,000	100%	100%	100%	Security service in Fuzhou	*(ii)*

* The English names of the subsidiaries represent the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(i) The statutory financial statements of these companies for the year ended December 31, 2018, 2019 and 2020 were prepared in accordance with Chinese accounting standards and audited by Fujian Huada Certified Public Accountants Co., Ltd.

(ii) The statutory financial statements of these companies for the year ended December 31, 2019 were prepared in accordance with Chinese accounting standards and audited by Fujian Huada Certified Public Accountants Co., Ltd.

(iii) No audited financial statements were issued for these companies as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

33 EVENT AFTER THE BALANCE SHEET DATE

Except as disclosed elsewhere in this report, there are no other material subsequent events undertaken by the Company or by the Group after December 31, 2020.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2020 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 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 out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" of this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group as at 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, it may not give a true picture of our net tangible assets of our Group as at December 31, 2020 or at any future dates following the completion of the Global Offering. The unaudited pro forma adjusted net tangible assets is based on the audited consolidated net tangible assets of our Group attributable to our equity holders as at December 31, 2020, as shown in Appendix I – "Accountant's Report" to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at December 31, 2020(1)	**Estimated net proceeds from the Global Offering**(2)	**Unaudited pro forma adjusted net tangible assets of our Group attributable to equity holders of our Company**	**Unaudited pro forma adjusted net tangible assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*(3)	*HK$*(4)
Based on an Offer Price of HK$4.68 per Share . . .	55,293	452,969	508,262	1.02	1.24
Based on an Offer Price of HK$5.63 per Share . . .	55,293	547,952	603,245	1.21	1.47

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at December 31, 2020 has been extracted from Appendix I – "Accountant's Report" to this prospectus which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at December 31, 2020 of RMB55,686,000 with an adjustment for intangible assets as at December 31, 2020 of RMB393,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$4.68 per Share and HK$5.63 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB13,932,000 which have been accounted for in the Group's consolidated statements of comprehensive income prior to December 31, 2020) payable by our Company and takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares were in issue assuming that the Global Offering and Capitalization Issue had been completed on December 31, 2020 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollars at a rate of RMB1.00 to HK$1.21887. 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 rate.

(5) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to December 31, 2020.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Ronshine Service Holding Co., Ltd

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ronshine Service Holding Co., Ltd (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at December 31, 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 30, 2021, in connection with the proposed global offering of the shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed global offering on the Group's financial position as at December 31, 2020 as if the proposed global offering had taken place at December 31, 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 December 31, 2020, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed global offering at December 31, 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 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
June 30, 2021

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on April 14, 2020 under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Act"). The Company's constitutional documents consist of its Memorandum of Association (the "Memorandum") and its Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on June 10, 2021 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

***(vii)* Loans and provision of security for loans to Directors**

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such

Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from April 17, 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands ("ES Act") that came into force on January 1, 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on April 14, 2020. Our Company has established its principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 19, 2020. Ms. Ng Wing Shan has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Islands Companies Act and to its constitution, which comprises of the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles and relevant aspects of the Cayman Islands Companies Act is set out in Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law to this prospectus.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, the authorized share capital of our Company was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. Upon its incorporation, one ordinary Share of a par value of HK$0.01 was allotted and issued to an Independent Third Party on April 14, 2020, which was then transferred to Rongxin Yipin on the same date. On the same date, our Company allotted and issued 79 Shares and 20 Shares to Rongxin Yipin and Fumei International, respectively.

Pursuant to the written resolutions of our Shareholders passed on June 10, 2021, the authorized share capital of our Company was increased from HK$380,000 to HK$30,000,000 by the creation of additional 2,962,000,000 Shares.

Immediately following completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$5,000,000 divided into 500,000,000 Shares, all fully paid or credited as fully paid, and 2,500,000,000 Shares will remain unissued.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes in Share Capital of Our Subsidiaries

Our subsidiaries are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in "Appendix I—Accountant's Report" and "History, Reorganization and Corporate Structure", our Company has no other subsidiaries.

Save as disclosed in "History, Reorganization and Corporate Structure" in this prospectus, there has been no alteration in the share capital of our subsidiaries during the two years preceding the date of this prospectus.

4. Written resolutions of our Shareholders passed on June 10, 2021

Pursuant to the written resolutions passed by our Shareholders on June 10, 2021, among other matters:

(a) our Company approved and adopted the amended and restated Memorandum with immediate effect and the Articles with effect from the Listing Date;

(b) the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of a par value of HK$0.01 each to HK$30,000,000 divided into 3,000,000,000 Shares of a nominal value of HK$0.01 each by the creation of additional 2,962,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as of the date of such resolutions;

(c) conditional on (aa) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and Shares to be allotted and issued pursuant to the Capitalization Issue and the Global Offering and Shares to be issued as mentioned in this prospectus (including any additional Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); (bb) the Offer Price has been duly determined; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements:

(i) the Global Offering was approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering;

(ii) the Over-allotment Option was approved and our Directors were authorized to allot and issue the Shares upon the exercise of the Over-allotment Option;

(iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize the sum of HK$3,749,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 374,999,900 Shares for allotment and issue, credited as fully paid, to holders of Shares whose name(s) appeared on the register of members of our Company on the date of passing this resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and our Directors were authorized to allot and issue the Shares under the Capitalisation Issue and to give effect to such capitalization;

(iv) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

(v) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

(vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the number of issued Shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares repurchased by our Company pursuant to the mandate to buy back Shares referred to in paragraph (v) above.

5. Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. Please see the section headed "History, Reorganization and Corporate Structure" in this prospectus for more details with regard to the Reorganization.

6. Buy-back by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the buy-back by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to buy-back their securities on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The Listing Rules provide that all proposed buy-backs of shares (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholder on June 10, 2021, a general unconditional mandate (the "**Buy-back Mandate**") was given to our Directors to exercise all powers of our Company to buy-back on the Stock Exchange, or 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, Shares representing up to 10% of the total number of our Shares in issue immediately following completion of the Capitalization Issue and the Global Offering but excluding the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, and the Buy-back Mandate shall remain in effect until the conclusion of the next year annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, which occurs first.

(ii) Source of funds

Buy-backs must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of Cayman Islands. A listed company may not buy-back its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Under the Cayman Islands laws, any buy-back(s) by our Company may be made out of profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the buy-back. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of either or both of the profits of our Company or the share premium account of our Company. Subject to the provisions of the Cayman Islands Companies Act, a repurchase of Shares may also be paid out of capital.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly selling Shares to our company.

(b) Reasons for buy-backs

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy-back Shares in the market. Such buy-backs may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or its earnings per Share and will only be made when our Directors believe that such buy-backs will benefit our Company and our Shareholders.

(c) Funding of buy-backs

In buying-back Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Buy-back Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. Therefore, our Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) Share capital

The exercise in full of the Buy-back Mandate, on the basis of 500,000,000 Shares in issue immediately after the Listing (but not taking into account of our Shares which may be issued pursuant to the exercise of the Over-allotment Option), would result in up to 50,000,000 Shares being bought back by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge, information and belief and having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buy-back Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buy-back of Shares pursuant to the Buy-back 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 increase of the 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 of any such increase. Save as disclosed above, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of a buy-back pursuant to the Buy-back Mandate.

If the Buyback Mandate is fully exercised immediately following completion of the Capitalization Issue and the Global Offering (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 50,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 83.3% of the issued share capital of our Company immediately following the full exercise of the Buy-back Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buy-back Mandate to such an extent that, in the circumstances there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Buy-back Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus that are or may be material:

(a) an equity transfer agreement dated July 20, 2020 and a supplemental agreement dated September 1, 2020 entered between Shanghai Ouxing Tuye Enterprise Development Co., Ltd. (上海歐興途業企業發展有限公司) ("**Ouxing Tuye**") and Fujian Dingcheng Investment Co., Ltd. (福建鼎誠投資有限公司), pursuant to which Ouxing Tuye acquired the entire equity interest in Rongxin Shiou Property Services Group Co., Ltd. (融信世歐物業服務集團有限公司) at a consideration of RMB88,000,000;

(b) an equity transfer agreement dated September 30, 2020 entered among Shanghai Ouxing Mingtu Enterprise Development Co., Ltd. (上海歐興明途企業發展有限公司) ("**Ouxing Mingtu**"), Mr. Ou and Fujian Rongdian Enterprise Management Consulting Co., Ltd. (福建融點企業管理諮詢有限公司) ("**Fujian Rongdian**"), pursuant to which Fujian Rongdian acquired 99% and 1% equity interest in Ouxing Tuye from Ouxing Mingtu and Mr. Ou, respectively, at consideration of RMB87,120,000 and RMB880,000, respectively;

(c) the Deed of Indemnity; and

(d) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademark

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date
1.		24574014	45	Ronshine Shiou	PRC	June 14, 2018	June 13, 2028
2.	ROYEEDS	24576513	45	Ronshine Shiou	PRC	June 14, 2018	June 13, 2028
3.	融御	24148684	45	Ronshine Shiou	PRC	May 14, 2018	May 13, 2028
4.	融荟	24151617	16	Ronshine Shiou	PRC	May 7, 2018	May 6, 2028
5.	融客®	24949115	9	Fujian Rongguan Electromechanical Engineering Co., Ltd.	PRC	September 14, 2018	September 13, 2028
6.	融智®	24949155	9	Fujian Rongguan Electromechanical Engineering Co., Ltd.	PRC	September 14, 2018	September 13, 2028
7.	融e居	31651861 31641115	45, 9	Ronshine Shiou	PRC	April 21, 2019 March 21, 2019	April 20, 2029, March 20, 2029
8.	融e帮	31646903	45	Ronshine Shiou	PRC	April 14, 2019	April 13, 2029

As of the Latest Practicable Date, our Group had applied for the registration of the following trademarks in the PRC and Hong Kong which, in the opinion of our Directors, are material to our Group's business:

No.	Trademark	Application number	Class	Name of applicant	Place of application	Date of application
1.	融信服务 RONSHINE SERVICE	305366818	9, 35, 36, 37, 38, 41, 42, 43, 44, 45	Ronshine Shiou	Hong Kong	August 21, 2020
2.	ROYEEDS 融御	48225052	45	Ronshine Shiou	PRC	July 20, 2020
3.	融信服务 RONSHINE SERVICE	48893610	37	Ronshine Shiou	PRC	August 13, 2020
4.	融信服务 RONSHINE SERVICE	52020248	45	Ronshine Shiou	PRC	December 9, 2020

As of the Latest Practicable Date, our Group had been granted licenses to use the following trademarks:

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date
1.	融信 RONGXIN	10026604	36	Rongxin (Fujian) Investment Company Limited	PRC	December 28, 2012	December 27, 2022
2.	融 信	9796009	39	Rongxin (Fujian) Investment Company Limited	PRC	January 21, 2013	January 20, 2023
3.		34650200	36	Rongxin (Fujian) Investment Company Limited	PRC	July 14, 2019	July 13, 2029

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date
4.	世欧	9616482, 9616997, 9616933, 9616833, 9616742, 9616649, 9616545, 9616339, 5406741	36, 44, 43, 42, 41, 39, 37, 35, 19,	Fuzhou Shiou Property Development Co., Ltd.	PRC	July 21, 2012 August 28, 2012 August 7, 2012 August 7, 2012 December 28, 2012 November 7, 2013 August 7, 2012 July 21, 2012 August 28, 2019	July 20, 2022 August 27, 2022 August 6, 2022 August 6, 2022 December 27, 2022 November 6, 2023 August 6, 2022 July 20, 2022 August 27, 2029
5.	世欧	5406740, 5406738, 5406739	36, 42, 37	Fuzhou Shiou Property Development Co., Ltd.	PRC	November 7, 2019 September 14, 2019 November 7, 2019	November 6, 2029 September 13, 2029 November 6, 2029

(b) Domain name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in the opinion of our Directors, is material to our Group's business:

No.	Domain name	Name of registered proprietor	Date of registration	Expiry date
1.	rxswy.com	Ronshine Shiou	February 14, 2017	February 14, 2022
2.	rxwy.cn	Ronshine Shiou	August 11, 2013	August 11, 2023
3.	ronshinejie.com	Fujian Rongguan Electromechanical Engineering Co., Ltd.	April 12, 2017	April 12, 2022
4.	ronshineke.com	Fujian Rongguan Electromechanical Engineering Co., Ltd.	February 20, 2017	February 20, 2022
5.	ronshineke3.com	Fujian Rongguan Electromechanical Engineering Co., Ltd.	February 20, 2017	February 20, 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' service contracts and letters of appointment

Our executive Directors' service contracts have a term of three years commencing from the Listing Date and may be terminated by either party by giving not less than three calendar months' notice in writing.

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from the Listing Date and may be terminated by either party by giving at least three months' notice.

2. Directors' remuneration

(a) For the three years ended December 31, 2020, the aggregate amount of fees, salaries, and housing allowances and contributions to a retirement benefit scheme granted by us to our Directors was approximately RMB4.5 million, RMB5.4 million and RMB7.3 million, respectively.

(b) For the three years ended December 31, 2020, no emoluments had been paid and no benefits in kind had been granted by our Group to our Directors at the time.

(c) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors in their respective capacity as Directors) for the year ending December 31, 2021 are expected to be no more than RMB6.5 million.

(d) For the three years ended December 31, 2020, none of our Directors at the time or any past directors of any member of our Group has been paid any sum of money (i) as an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(e) There has been no arrangement under which a Director at the time has waived or agreed to any emoluments for the three years ended December 31, 2020.

3. Disclosure of Directors' interests

Immediately following completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised), the interests or short positions of our Directors and the chief executives of our Company in the Shares, underlying shares and debentures of our Company and its 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 or she is 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once the Shares are listed on the Stock Exchange, will be as follows:

(i) Interest in our Company

Name of Director	Name of interest	Number of Shares[1]	Percentage of shareholding in our Company
Mr. Ou[2]	Founder of a trust	375,000,000 (L)	75%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Both Rongxin Yipin and Fumei International are wholly owned by Rongan Juxiang, the special purpose holding vehicle of the Family Trust, which in turn is wholly owned by HSBC International Trustee Limited as the trustee of the Family Trust, a discretionary and irrevocable trust set up by Mr. Ou as the settlor and protector. Mr. Ou through Rongxin Yipin and Fumei International, controls more than 30% of the voting power at the general meeting of our Company. Accordingly, each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang is deemed to be interested in the Shares held by Rongxin Yipin and Fumei International in our Company under the SFO.

(ii) Interest in our Company's associated corporations

Name of Director	Name of associated corporation	Nature of interest	Percentage of shareholding
Mr. Ou[1]	Rongxin Yipin	Founder of a trust	100%
	Rongan Juxiang	Founder of a trust	100%

Note:

(1) Both Rongxin Yipin and Fumei International are wholly owned by Rongan Juxiang, the special purpose holding vehicle of the Family Trust, which in turn is wholly owned by HSBC International Trustee Limited as the trustee of the Family Trust, a discretionary and irrevocable trust set up by Mr. Ou as the settlor and protector. Mr. Ou through Rongxin Yipin and Fumei International, controls more than 30% of the voting power at the general meeting of our Company. Accordingly, each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang is deemed to be interested in the Shares held by Rongxin Yipin and Fumei International in our Company under the SFO.

4. Substantial Shareholders

(a) Interests of the substantial Shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any person who will, immediately following completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

(b) Interests of the substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

Name of member of our Group	Name of Shareholder	Percentage of shareholding
Ronshine Property Management	Fujian Nuohai	48%

5. Disclaimers

Save as disclosed in this prospectus,

(a) none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying shares and debentures of our Company or any associated corporation (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 or she is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in the Shares and underlying shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the number of shares carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in the sub-section headed "Qualifications and consents of experts" below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors or the persons listed in the sub-section headed "Qualifications and consents of experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

(e) none of the persons listed in the sub-section headed "Qualifications and consents of experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) so far as is known to our Directors, none of our Directors or their associates or any shareholder of our Company (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest customers or suppliers of our Group.

D. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for itself and on behalf of its subsidiaries) (being the contract referred to in paragraph (d) of "B. Further Information about Our Business—1. Summary of Material Contracts" above) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any claims, fines, penalties, costs, expenses, losses and other liabilities suffered by any member of our Group resulting from any insufficient contribution to social insurance and housing provident funds during the Track Record Period and on or before the date when the Global Offering becomes unconditional, as disclosed in "Business—Legal Proceedings and Compliance—Compliance"; and (ii) estate duty and other taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of US$600,000 for acting as the sponsor for the Listing.

The Sole Sponsor has made an application on our Company's behalf to the Stock Exchange for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US$6,500 and are payable by our Company.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Group's financial or trading position since December 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Share.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion or advice which are contained in, or referred to in this prospectus:

Name	Qualifications
Haitong International Capital Limited	Licensed corporation under the SFO permitted to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices	Legal advisors to our Company as to PRC laws
China Index Academy	Industry consultant
Fujian Easy-Tax Accountants Co., Ltd	PRC tax advisor

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

9. 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.

10. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

11. 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 has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;

(b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(d) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(e) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(f) our Directors have been advised that under Cayman Islands law the use of a Chinese name by our Company in conjunction with the English name does not contravene Cayman Islands law;

(g) none of the persons whose names are listed in "8. Qualifications and consents of experts" under this Appendix IV:

   (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

   (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and

(h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW** and, **GREEN** Application Forms;

(b) the written consents referred to in the section headed "Statutory and General Information—D. Other Information—8. Qualifications and consents of experts" in Appendix IV to this prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "Statutory and General Information—B. FURTHER INFORMATION ABOUT OUR BUSINESS—1. Summary of Material Contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of our Group for the financial years ended December 31, 2018, 2019 and 2020;

(e) the legal opinion issued by Commerce & Finance Law Offices, our legal advisors as to PRC law, in respect of certain general corporate matters and property interests of our Group in the PRC;

(f) the letter of advice from Conyers Dill & Pearman, our legal advisors as to Cayman Islands law, summarizing the certain aspects of the company law of the Cayman Islands referred to in "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus;

(g) the industry report issued by CIA;

(h) the tax report from Fujian Easy-Tax Accountants Co., Ltd;

(i) the Cayman Islands Companies Act;

(j) copies 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;

(k) the service contracts and letters of appointment with each of our Directors referred to in the section headed "Statutory and General Information—C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS—1. Particulars of Directors' service contracts and letters of appointment" in Appendix IV to this prospectus; and

(l) the written consents referred to in the section headed "Statutory and General Information—D. Other Information—8. Qualifications and consents of experts" in Appendix IV to this prospectus.

融信服務集團股份有限公司
RONSHINE SERVICE HOLDING CO., LTD